

Fiscal Year 2020

HCCS ORGANIZATIONAL BUSINESS PLAN

Hanover Consumer Cooperative Society, Inc.

Submitted to the Co-op Board of Directors
December, 2019

by Edward Fox
General Manager

Nourish. Cultivate. Cooperate.



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PART I: FOUNDATIONS

Introduction

By Ed Fox

The occasion of this project is our yearly business plan, a compulsory step required of any business wishing to make wise, calculated decisions moving forward. Rhetorically, a document like this one is informed by some fairly obvious questions—e.g., why are we doing this? What sorts of things have guided our decisions? I don't mind telling you that I've had a lot to wrestle with along these lines, and the decisions haven't always come easy. The one day, during a meeting, I had a moment of clarity that brought everything into focus. I'd like to share that with you.

Since the beginning of this process, one major source of concern for me and my teams has been the condition of our infrastructure. Over the years, many necessary upgrades have been put on the back burner. I can certainly understand the reasoning, and admit that as we looked at all this, it's been tempting to continue deferring these upgrades year after year. Sales are strong, our teams have a synergy and focus like nothing I've ever seen, and our technology is state-of-the-art. It would be easy for us to rest on our success and put off these projects even further, pushing them as far into the future as possible. This is a tempting but irresponsible approach to running a business. In effect, you are ignoring the issues you don't want to deal with until they become someone else's problem.

Then one day during a leadership team meeting, I looked around the room at my colleagues. I began to think about all of the people in the organization who are young, talented, highly skilled, tenacious, and who care deeply about the Co-op and the communities that we serve. They are the future of this organization. That's when I knew that we cannot in good faith defer these projects any longer. We owe it to the Co-op's future generations to invest in the business now. So at my direction, I asked for these projects to become a priority. I am indebted to my teams for their guidance and insights here, but ultimately this decision was mine and mine alone. As they say, the buck stops here.

Strengths, Weaknesses, Opportunities, Threats

With this in mind, over the past year, Co-op teams from Finance, Merchandising, Administration and Store Operations worked together to conduct an in-depth analysis of the organization's strengths, weaknesses, opportunities and threats (SWOT analysis). From that analysis, one area highlighted as a weakness and threat to the long-term competitiveness of the Co-op was the condition of our infrastructure. Thus, as part of our planning for 2020 and beyond, capital investments are being planned for and will be made in our stores. These investments reflect many years of deferred infrastructure upgrades which, if continued, would likely put the Co-op's business operations at risk.

As a result of this analysis, the Co-op's capital and operational budgets for the next six (6) years reflect the refinancing required to provide our business with the necessary capital to fund these projects. Our pro-forma scenarios will reflect "losses," but they should be understood in the context of significant investments in our infrastructure. The budgets "in the red" largely reflect the depreciation associated with these projects and the investments planned and are not related to the daily operations of the business.

Interest rates are at historic lows—levels not seen in a generation. The time is ripe to refinance at these levels to make the necessary investments in our stores, people, and in the Co-op’s future.

The Importance of a SWOT Analysis

Why conduct a SWOT analysis? Think about this: According to [Bloomberg](#), 80 percent of entrepreneurs fail within the first 18 months (Wagner, 2013). The truth is arguably much more [questionable and complex](#), and the causes behind startup failures are no doubt varied and multifaceted, but a few broad generalities are common and worthy of note for all businesses. These common pitfalls can serve as a lesson to many other organizations, from startups to established businesses, from nonprofits and cooperatives to the for-profit sector and monolithic corporations.

Wagner cites five common and predictable mistakes made by many businesses, including: 1) being out of touch with customers, 2) lack of differentiation in the market, 3) failure to communicate value proposition in a clear and compelling manner, 4) leadership breakdown, and 5) an inability to nail down a profitable business model with steady revenue streams.

What we can take from this is that many businesses focus solely on narrow perceptions of their own exceptionalism. This resulting overreliance on perceived strengths is flawed thinking at best, and at worst it can be harmful and even devastating to a company’s future. Also, business leaders charged with strategic planning often fail to take into account potential weaknesses and threats from the market when setting yearly business plans and establishing future goals.

The upshot is:

Smart leadership teams, and by extension robust and healthy businesses, critically analyze strengths and weaknesses on a regular and periodic basis when setting both short- and long-term direction.

Realigning Roles

In the spring of 2019, the Co-op's leadership team engaged in an intense period of SWOT analysis work (Strengths, Weaknesses, Opportunities, Threats), looking closely and critically at the Co-op’s foundational areas and the market and context in which the organization exists and operates. In addition to the SWOT and needed infrastructure upgrades, we adopted an important realignment of operational roles and relationships (figs. 1-2), and the creation of a broad and multifaceted framework upon which to build action plans for future planning (fig. 3).

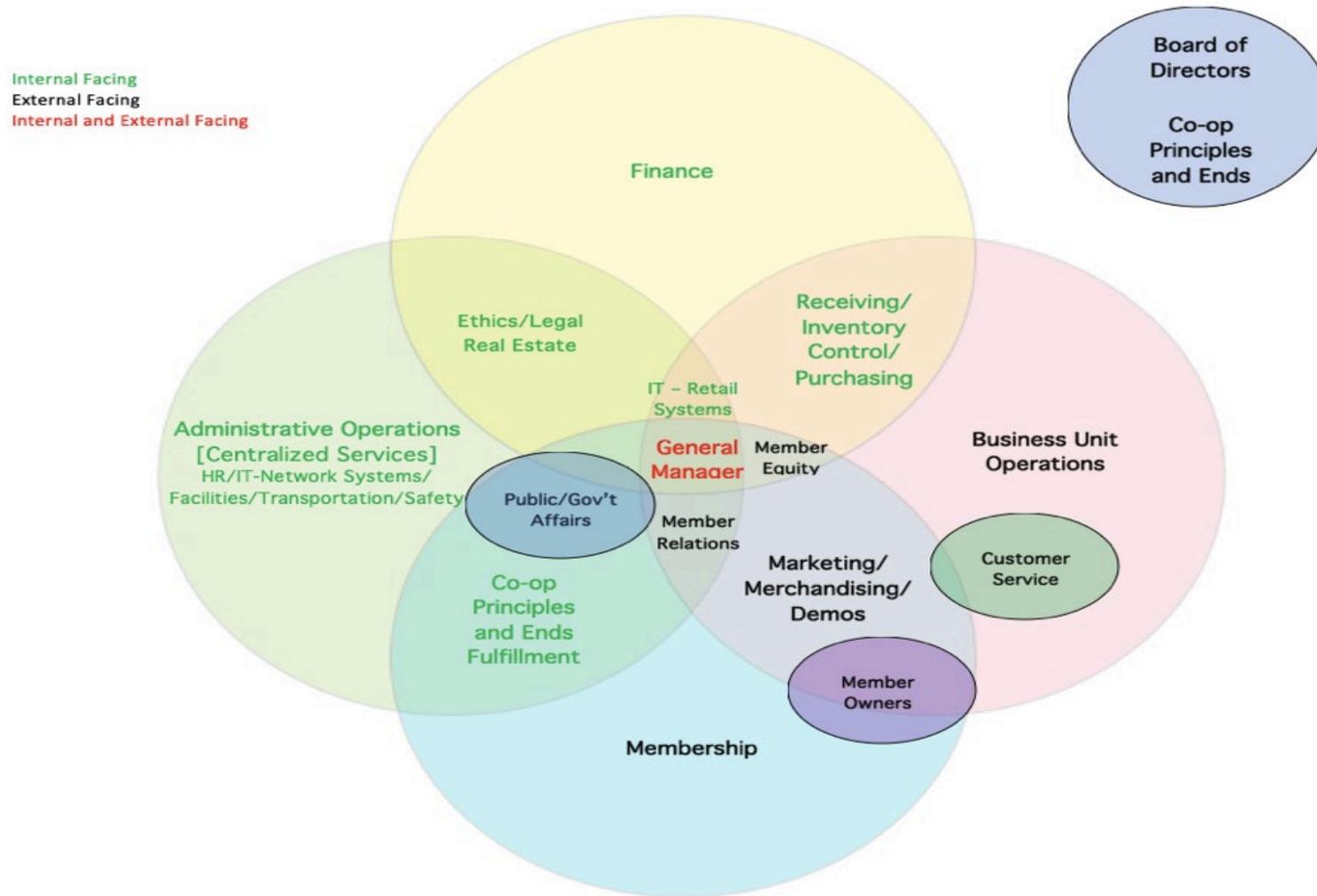


figure 1

Foundational Areas and Their Relationships

The above Venn diagram illustrates a relationship model that guides the Co-op's project management work, breaking away from the traditional organizational chart and focusing instead on functional links between various aspects of the organization. It's a flexible, dynamic system, future-centric and open to change. This allows the Co-op to adapt to unexpected circumstances and to explore future market opportunities.

Public and Government Affairs			
<i>Benefits/Housing/Pay</i>		<i>Food Security/Local</i>	
Finance <i>Legal</i> <i>Business</i> <i>Funds/Accounts</i> <i>Receiving (New)</i> <i>Financial Risk</i> <i>Management</i>	Administrative Operations <i>Human Resources</i> <i>Business Continuity</i> <i>Risk Management</i> <i>Safety</i> <i>Facilities/Transportation (New)</i> <i>IT - Network Systems (New)</i>	Business Unit Operations <i>Retail Stores</i> <i>Service Centers</i> <i>Kitchen</i> <i>Farmers Market</i> <i>Merchandising:</i> <i>Inventory Control</i> <i>Purchasing</i> <i>IT - Retail Systems</i>	Membership <i>Marketing</i> <i>Education</i> <i>Member Services/Retail</i> <i>Customer Research</i>

Desired Outcomes

Accurate and Timely Financials Consistent Processes Improve Ratios on Financial Reports Improve Working Capital Ratios Cash on Hand	Structural Support - B/U and Membership Completion of Business Continuity Plan Improved Safety Reports from Ins Co Streamlined Systems - Facilities/Transp. Streamlined Systems - IT/Network Systems	Profitable B/Us Strong Buying Programs Strong Margin Maintenance Sound Business Systems/Structures Built in Efficiencies	Loyalty More Customers Move Customers up Engagement Matrix
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figure 2-foundational area realignment and desired outcomes

	Findings	Action Plan 12 Months	Action Plan 12-36 Months	Action Plan 36 Months or more
Strengths	Co-operative Model - Value Prop, Membership, Principles, Focus on Long Term, Ownership Model - Partnerships/ Relationships - Advocacy for Social Change - Employment Practices - Finance - Liquidity - Centralized Services/ Infrastructure			
Weaknesses	Silo Management Structure which results in inconsistencies in management practices Lack of: - Consistently Applied Change Management Approach - Project Management/Process/Reliability - Accountability - Access to Long Term Capital - Infrastructure Upgrades	Organizational structure changes – functional to matrix Implement Process Management (see section 5) (KPI/KPM) ↓ (review) (T.D. 5/31/2019) Work with financial institutions to free up capital Maximize cash flow from underutilized assets, i.e., sushi	Clearly defined roles, responsibilities, expectations (KPI/KPM) ↓ Review against KPI/KPM – [Projects require authority and access to planned and approved resources] ↓ Corrective Action Plan ----- Looking to refi existing debt with other lenders Additional member investment Maximize cash flow from underutilized assets, i.e., solar	Review organizational changes to gauge effectiveness Make changes as needed. Maximize cash flow from underutilized assets, i.e., solar
Opportunities	Deepen Member Support Articulate Co-op Identity Leverage Cross Marketing Business Opportunities with Local Partners Enhance Shopper Experience Subcontract specific Services/ location			
Threats	Consolidation of Vendors NCG - Joint Liability Fund; UNFI contract Risk to supply chain GAAP changes or impact on financial position High turnover of employees Changes to regulations that impact operations Regional contraction Co-op's comparative advantage is dissipating/ under attack from competitors			

figure 3-SWOT analysis

The Five Foundations

The SWOT analysis and realignment work above furthers the goals of an idea our Co-op introduced in 2019, a philosophy we call The Five Foundations. These foundations include: Human Resources and Employee Experience, Member Engagement, Financial Health, Revenue Growth, and Policy and Public Affairs. Rather than individual departments working toward separate goals, the Five Foundations philosophy brings our departments and teams together, united under a broad, common framework designed to benefit our members, shoppers, employees, and the communities we serve. With that in mind, the 2020 business plan is focused on several strategic outcomes.

2020 Business Plan Outcomes

The 2020 Co-op Business Plan carefully builds upon our foundations, strategic work, and organizational realignment. The end result is that our 2020 Co-op Business Plan is internal and employee focused, concentrating primarily on four areas: **Change Management, Project Management/Processes, Responsibility, and Access to Long-Term Capital.**

Deep dive:

Change Management

Change is a normal, welcome, and desirable part of business evolution, but it isn't always easy. The Co-op's approach to Change Management is to be nimble, proactive, and progressive in the face of evolving circumstances, thereby supporting teams and employees in navigating market fluctuations and organizational change.

Project Management/Processes

Thorough and effective project management, with an emphasis on responsibility, accountability, and results, is one of the most effective ways that a business can serve its employees and teams. Work is completed, goals are accomplished, and people are recognized for their efforts and see the results of their work—key components to employee satisfaction.

Responsibility

There is a big difference between accountability and responsibility. Accountability is what two or more parties agree to. Within that framework, each party checks and balances the other and jointly shares accountability. Responsibility, by contrast, is yours and yours alone. You own your responsibility or set of responsibilities. This important distinction between responsibility and accountability clarifies roles and ultimately drives progress.

Access to Long-Term Capital

As with all businesses, the economic lifeblood of our Co-op is ultimately determined by our ability to earn more than we spend. These excess savings, known as net savings, become part of our capital. Simply stated, capital is the accumulation of, and access to, money. Our capital comes from a variety of sources, with each one being critically important to enabling us to fulfill our mission. Examples include member contributions, annual net savings from daily operations, and longer-term sources like bank financing. We use our capital to fund and grow our daily operations and to make long-term investments in our Co-op. Those longer-term investments include, for example, enhancements to our IT systems, new business opportunities like the Norwich Service Center, and significant capital improvements to update and renovate our stores.

Conclusion

One cannot understate the vital role that a food provider plays in a community. Our Co-op is one of the largest food providers in the region—and certainly the most trusted—serving as a conduit for many different people from all walks of life (members, farmers, vendors, employees, etc.) to come together and do good work. This role drives our Co-op to take its mission—to *nourish, cultivate, and cooperate*—very seriously. We have a long history to preserve, and we must plan diligently in order to avoid the pitfalls that often plague other businesses.

As indicated in fig. 2, our Co-op’s four major functional business areas are: Finance, Administration, Membership, and Business Units. By extension, Public and Governmental Affairs, the advocacy arm of our Co-op, weaves through all four of these functional business areas. Finance and Administration are primarily internal facing, while Membership, Business Units, and Public and Governmental Affairs are more external facing. Together, these five areas are foundational to our organization, and by extension, our organization is foundational to the communities we serve.

The following plans have been submitted and coordinated by our leadership team to support the overall 2020 HCCS Business Plan and future considerations. The team’s strategic work supports the four areas listed above (Change Management, Project Management/Processes, Responsibility, and Access to Long-Term Capital), and intentionally overlaps, as our teams strive to avoid the age-old problem of “working in silos.” This issue—working in isolation and being myopic to the bigger picture—may be the biggest pitfall of them all.

References

Cawley, Connor. (2016, April 18.) “The ‘8 out of 10 Startups Fail’ Statistic Is a Myth.” [Tech.Co.](#)

Levine, Locke, Searls, and Weinberger. (2000.) *The Cluetrain Manifesto*. Perseus Publishing.

Wagner, Eric T. (2013, September 12.) “Five Reasons 8 Out of 10 Businesses Fail.” [Forbes](#).

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PART II: PLANS & METRICS

Note: in the plans that follow, matrices are displayed in Gantt Chart format to reflect timetables of significant milestones for each functional responsibility in conjunction with one another.

MEMBERSHIP

Amanda Charland

Director of Cooperative Engagement

The year 2020 will be the first year our Co-op will be operating our engagement strategy with all of its components fully in place. A big focus throughout the year will be on providing employees throughout the organization with better tools to get customer insight.

Data Collection

We'll be working on creating a more comprehensive understanding of customers' needs/expectations using a variety of data points. Tactics:

- large survey feedback,
- small survey feedback,
- customer journey insights,
- customer focus groups, and
- analysis of transactions.

Understanding Loyalty

The focus this year is really about using what we're hearing directly and indirectly from customers to improve the experience. To accomplish this, we'll start building benchmarks for loyalty. Tactics:

- percentage of customers in different levels of the pyramid, and
- value of programs on pyramid.

Elevating Experience

With a better understanding of members and customers, 2020 will be focused on elevating customer experience—from interactions over the phone to physical experience at the Co-op.

New systems will equip employees to better understand customers and use that knowledge to help implement customer-experience improvements.

Education will focus on using information to grow opportunities for engagement in the middle of the pyramid. Tactics:

- Building programs based on engagement strategy (sustainability, food access, truly local):
 - Coffee cup program
 - Farm programs
 - Kids programs
 - Cust XP program (more below)

Additional Thoughts:

- Add responsibility on to service desk (customer exp. Project)
- Elevate service desks to become community hub/ customer insight for each location
- Testing out new enhancements to experience (online ordering, CRM customer relationships)
- More tools to understand customers and our service
 - CX software NCG
- Increased unique opportunities for discounts coupons
 - Exploring loyalty bot to first utilize
 - More strategic incentives on differentiators

KPIs

Membership (converting customers to value supporters)

Engagement benchmarks (setting pyramid numbers and

CX system

Understanding loyalty

Promotion Cycle Gantt chart

Focus for Education

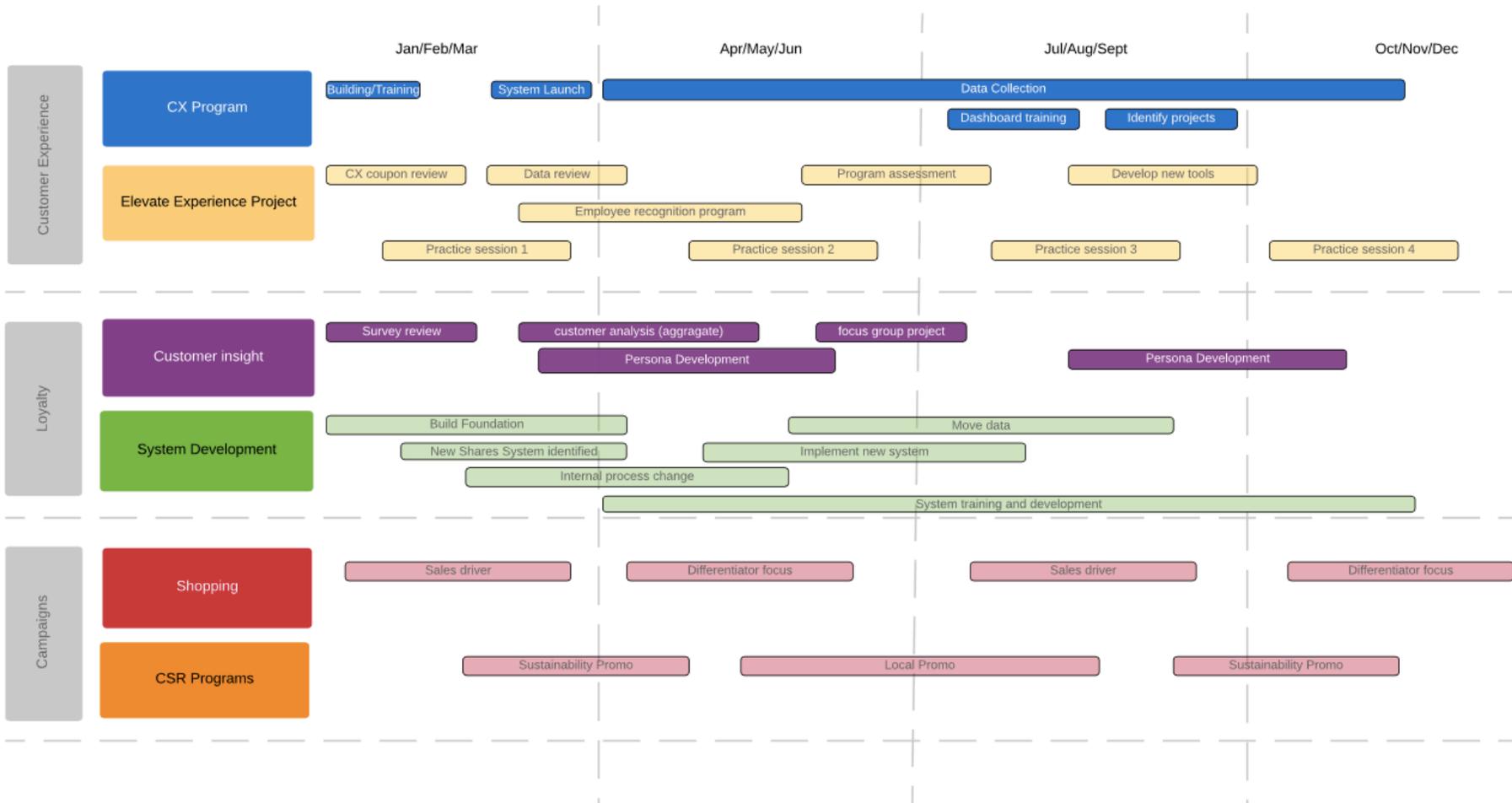
- Middle of pyramid programs
- Cut programs
- Sustainability

Focus for Donations

- HCCF fundraising
- Small donation strategy
- Food access

Outreach Plan

2020



BUSINESS UNIT OPERATIONS

Bruce Follett

Director of Business Unit Operations

- **Profitable Business Units**
 - **Revenue Growth by Location**
 - Food Stores
 - Hanover
 - Lebanon
 - White River Junction
 - Community Market
 - Service Centers
 - Hanover
 - Norwich
 - **Service Center Highlight**

Now in two locations, the Service Centers provide ample opportunity for employees to work on cross-departmental projects that bring out the strengths of the Co-op's new relationship model (Venn diagram, fig 1). In 2020, the initiatives below will be supported by several departments working together, including the Service Centers, Finance, Outreach and Education, and Member Services.

- Achieve Targeted Mechanic Realization
 - Increased sales and efficiencies
 - Education and training opportunities to strengthen team
 - Enhancing customer experience
 - Workforce planning to meet the needs of the customer
 - Evaluation of future opportunities
- **Prepared Foods Highlight**
 - Co-op Kitchen
 - Eliminate slow moving items and replace with high quality items that are exciting and different
 - Grow categories and programs using customer insight and industry trends
 - Consider outsourcing labor intensive products
 - Compliment premade products available through our distribution channels to avoid redundancy and category congestion.

- Create and offer flexible products that...
 - Adapt to customer’s daily schedules and demands of life
 - Accommodate differing taste preferences
 - Support individual health needs and goals

Note: Co-op Kitchen offerings have long been impacted by member and customer preferences and feedback. Working alongside employees from other departments and business units, particularly Member Services and Outreach, the Co-op Kitchen is another area of the business that exemplifies the strengths and opportunities of the organization’s relationship model (fig. 1).

- **Buying Programs and Margin Maintenance**

Working with teams from Information Technology, Finance, and Member Services and Outreach, Merchandising and Operations employees have a wide variety of tools and resources at their disposal to enhance buying programs and affect margin maintenance. 2020 will see even more of these connections put into place and maximized.

- **Buying Programs**

- Utilize category management objectives and practices, trends reports, and customer/employee insight to refine the amount of products we offer in all of our stores.
- Increase offerings on new and unique Products: Organic, Natural, Local, and Fair Trade with a plan to focus on differentiators
 - We want to be first to the market (regionally) on lesser known natural/organic and specialty brands (higher margin)
 - Local (will price for the category/market, not necessarily lower price “just because” it’s local)
 - Co-op Basics program growth where there are margin opportunities
 - Value added in perishable depts., where there are margin opportunities (i.e. reusable packaging?)
 - Other differentiators that set up apart from Hannaford and other competitors
 - Increased product samplings
- Maintain and build upon high quality standards for Perishable products such as Meat, Seafood, and Produce
- Promotions: Offer mix of conventional, natural, local, specialty. We want to explore promotional opportunities offered by Catapult loyalty capabilities. We will build a solid plan for flash sales and coupons.
- We will get the best pricing we can on conventional items, but the majority of our energy will be focused on differentiators that help us build both margin and customer loyalty
- Enhance In-House Programs: Value Added Meat, Seafood, Prepared Foods and Sushi.

- **Margin Maintenance**
 - Merchandisers will utilize reporting tools in Catapult to ensure that their product margins are at levels that allow Operations to hit targeted benchmarks and increase margin dollars
 - Operation departments will work efficiently at minimizing their shrink by maintaining proper inventory levels.
 - Separate pricing for CCM in key areas/departments in coordination with store manager, targeted and well planned initiative
- **Workforce Planning**

For the third year in a row, the Co-op will be using a workforce plan to guide employees when making decisions. Maximizing the structure of the workforce plan provides a solid foundation upon which to budget labor expenses. This method has proven to be an invaluable resource when looking at staffing requests throughout the current year.

- Continue review of current structures to evaluate areas that are working well and identify areas of opportunities
- Business Unit managers build staffing level plans to appropriate levels and continually monitor to meet targeted labor dollars allocated in our Workforce Plan.
- Aligning labor associated with ordering and handling of inventory through ECRS capabilities
- Balanced management: Managers/supervisors scheduled throughout the day for better coverage and store oversight.
- Enhance Customer Experience at Checkouts for fast and accurate transactions
- **ECRS**
 - **Webcart**
 - Continue Perpetual Inventory processes
 - Actuate Webcart for Co-op to Go Catering and displaying our Weekly Specials.
 - Evaluate BasketHub. An app that is available in the App store and GooglePlay powered by Webcart. This program also allows members to review sales history on this app.
 - **Present plan for Made to Order-** New ordering methods for customized items are growing in popularity; such orders are being made through in-store kiosks, by calling in, by filling out an order online, or using a smartphone app. The Made-to-Order capability is not just for prepared foods or quick service. This same business logic and functionality could assist in building made-to-order floral arrangements or gift baskets.
 - **Jaspersoft**
 - Shelf tags and store signage
 - Accurate information displayed at point of sale
 - Maintained by internal shelf verification process
 - **Demand Fill (auto ordering)**
 - Reduced inventory levels/days on hand
 - Minimize out of stocks/ better in stock rates

- Time saved by system generated ordering

Note: Both Jaspersoft and Demand Fill are tools to run the department.

- **Food Safety**

For a food retailer, no issue is more important than food safety, particularly in a day and age when questionable sourcing and adulterated ingredients are common. Many people who make up the communities we serve are young, elderly, or have weakened immune system, putting them at an increased risk for foodborne illness. An emphasis on food safety protects the health of our consumers and furthers the Co-op's reputation for trust.

- Continue with 4 Hour Food Safety Classes for required employees
- Plan for In Store Teams to have continual check ins/internal audits
- Continue ServSafe
- Provide clean and safe environment for employees and customers

- **Enhancing Customer Experience**

The strategic cooperation and coordination between Merchandising, Operations, and Member Services and Outreach teams serves as a model of the Co-op's relationship approach to problem solving and building new programs (fig. 1). Specifically, in 2020, business unit operations will rely on the data points collected through the customer engagement strategy work spearheaded by Member Services and Outreach.

The end result? A more targeted approach to Merchandising, based on a comprehensive understanding of customer needs and expectations.

- 2020 Customer Experience Project
- The Co-op can be a helpful ally as customers aspire to incorporate healthier diets. Our goal is to provide consistent reliable access to Goods and Services by attentively meeting their needs around product quality, selection, information and helpful customer service. This is all possible by having reliable, knowledgeable, and flexible employees.
- Build loyalty and trust
- Maintain clean and safe stores
- Provide information, better choices, build relationships with people
- Sourcing clean packaging and Encouraging Re-use

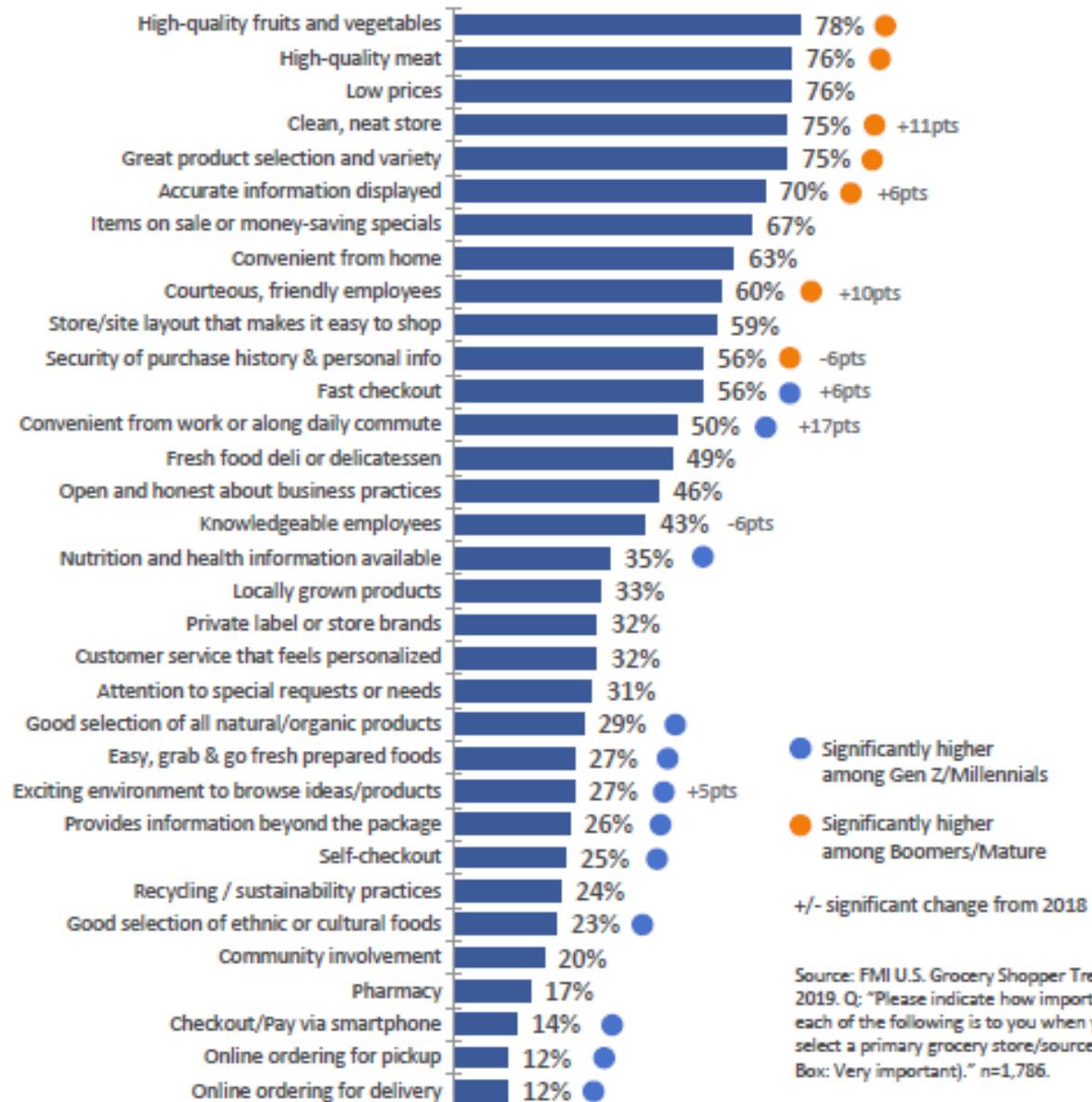
- Providing exceptional Customer Service
- Fast and Accurate Checkout
- Enhanced Product Displays- SparkSpot program

Resource from FMI

A broad selection of high-quality, affordable products remains key to attracting customers of all ages (see Chart 1.6). However, while these attributes define the universe of what a store should be or should offer for Boomers and Mature shoppers, younger generations (Millennials and Gen Z) look beyond the products and employees. They also judge a store based on convenience (in terms of both an efficient shopping experience and availability of healthy convenience foods), information available, healthy options and opportunity to explore. For stores, this means a balancing act between inviting shoppers to linger in the store and enabling them to process in and out as quickly as they want.

CHART 1.6: MOST IMPORTANT ATTRIBUTES IN PRIMARY STORE

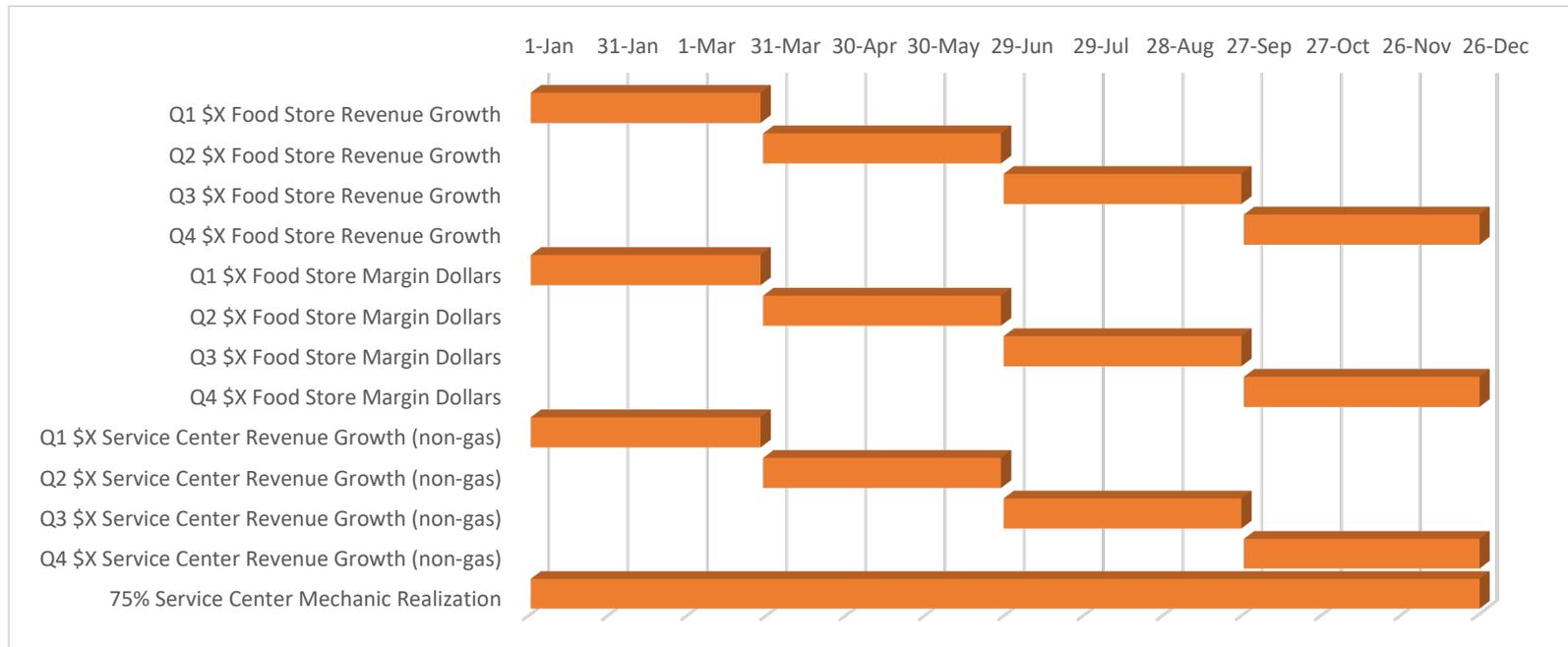
Very Important on a 3-pt scale, Among all regular shoppers



Source: FMI U.S. Grocery Shopper Trends, 2019. Q: "Please indicate how important each of the following is to you when you select a primary grocery store/source. (Top-1 Box: Very important)." n=1,786.

2020 Business Unit Operations Metrics

Task	Start date	End date	Duration
1 Q1 \$X Food Store Revenue Growth	29-Dec	28-Mar	90
2 Q2 \$X Food Store Revenue Growth	29-Mar	27-Jun	90
3 Q3 \$X Food Store Revenue Growth	28-Jun	26-Sep	90
4 Q4 \$X Food Store Revenue Growth	27-Sep	2-Jan	97
5 Q1 \$X Food Store Margin Dollars	29-Dec	28-Mar	90
6 Q2 \$X Food Store Margin Dollars	29-Mar	27-Jun	90
7 Q3 \$X Food Store Margin Dollars	28-Jun	26-Sep	90
8 Q4 \$X Food Store Margin Dollars	27-Sep	2-Jan	97
9 Q1 \$X Service Center Revenue Growth (non-gas)	29-Dec	28-Mar	90
10 Q2 \$X Service Center Revenue Growth (non-gas)	29-Mar	27-Jun	90
11 Q3 \$X Service Center Revenue Growth (non-gas)	28-Jun	26-Sep	90
12 Q4 \$X Service Center Revenue Growth (non-gas)	27-Sep	2-Jan	97
13 75% Service Center Mechanic Realization	29-Dec	2-Jan	370



Allan Reetz

Director of Public and Governmental Affairs

The Torch We Carry

In 1906, Mr. J.C. Gray gave his inaugural presidential address to the Co-operative Union of the United Kingdom. At the close of his remarks he shared his vision (below) of the work of all cooperatives. It is, I believe, a vision we at the Hanover Consumer Cooperative Society are aligned with. Through the work of this department, I have the responsibility to advocate for programs and policies that echo these words he spoke more than a century ago.

Then may we go forward towards the realization of a true Co-operative State or Commonwealth, wherein justice and equity shall rule; where industry in all its forms shall receive its just reward; where homes shall be made healthy and happy; where all the comforts of life may be enjoyed by those who have earned them; and where the poor and oppressed may be uplifted and find rest, and misery and want be banished from our land.

Even though a one those goals is a lot for a single grocery cooperative to undertake, it is through our actions as a grocery cooperative that we indeed — and in deed — move toward such a realization.

The daily efforts of our public and government affairs department for the coming year will remain primarily focused on the following areas:

- Workforce housing
- Local food sourcing and authenticity
- Wage fairness
- Food security

The timeline below features samples of the work areas and collaborations that will be part of that effort. During 2020, the chart will be updated with actions and milestones, then provided to the board via the general manager's reports.

To learn why we undertake this work, look again at the words of Mr. Gray. That is the torch I strive to help carry.

I welcome your comments and questions.

Allan Reetz

	Project & Task to-dos	2020											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
1	GM Reports												
2													
3	ELs												
4													
5	HOUSING												
6	Documentary												
7	Twin Pines												
8	New Hampshire Businesses for Social Responsibility												
9	Local Food Sourcing & Distribution												
10	Farm to Institution New England												
11	Departments of Agriculture												
12	Wage Fairness												
13	State legislative efforts												
14	State and Federal offices of Main Street Alliance												
15	Food Security												
16	Double Up Food Bucks												
17	State and Federal Funding												
18	Farming Matters												
19	State Policy & Funding												
20	Non-legislative issues, i.e., Integrated Pest Mgmt.												
21	Farm Bill												
22	Research & Advocacy												
23													
24	Collaborative relationships												
25	Center for Agriculture and Food Systems												
26	National Organic Coalition												
27	New England Farmers Union												
28	Vt's Main Street Alliance												
29	Cooperative Leadership Forum												
30	NH Food Alliance												
31	New England Farmers Union												
32	National Co+op Grocers												
33	Local Municipalities												
34	Campaign for a Family Friendly Economy												
35	Vital Communities												
36	Transportation, Housing, Agriculture, Local Economy												
37	NOFA-VT												
38	Farm to Institution NE												
39	VSECU												
40	NHBSR												
41	Northbound Ventures												
42	Food Connects												
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec

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FINANCE

Mark Langlois

Director of Finance

2020 for the Finance team will be focused on two major areas:

(1) Future proformas that map out various scenarios such as: a refinancing of the HCCS, infrastructure/project investments that are based on \$4.5 million-dollar project reflecting \$4 million dollars in the budget, and wage adjustments.

(2) Internal processes and procedures to better establish the department as an “internal auditor” for the organization:

- Control over internal processes and procedures
- Clearly defined departmental structure, roles and responsibilities
 - Account payables & receivables
 - Member shares and database
 - Receiving & purchase orders
 - Perpetual inventory
- Sound, timely reporting processes
- Clear, regular and documented internal financial controls
- Delivery of financial statements no later than 10 business days after the monthly closing

ADMINISTRATION

Lori Hildbrand

Director of Administrative Operations (Human Resources/Facilities/IT - Network Systems)

2020 will be the year that the Co-op improves its infrastructure, focusing on four major areas:

- I. Facilities/Safety
- II. IT-Network Systems
- III. Human Resources/Employee Experience
- IV. Business Continuity

- I. It is the responsibility of the Co-op to provide a safe environment for members, employees and visitors while in any of our locations. We meet this responsibility by correcting any deficiencies that exist in our buildings and properties, inside and out, while being mindful of compliance with federal, state and local safety regulations. It is our intention to repair, replace, and upgrade facilities and equipment as needed and to engage professionals who can provide ongoing support for our equipment and systems by procuring service contracts for preventive maintenance where it makes financial sense to do so. We are taking a proactive approach to projects that will be needed in the future based on the age and usage of current facilities and equipment so that replacement/upgrades can be scheduled in advance. This will give us the ability to provide members, shoppers, visitors and employees with information about what will be happening before it happens. This does not mean that there won't be any surprises, but this will mean that we will be able to have a plan and share it with those who will be affected by it, in advance.

Working in tandem with Finance and Business Unit Operations, we will continue the process of looking at long range plans for upgrades to our properties paying close attention to market trends and funding for such projects. Our Projects Administrator, Jonathan Garthwaite, in conjunction with our Facilities Manager, Christopher Cobb, looks at our projects holistically in that work that needs to be done in one area may well impact a project scheduled for another area so that the two projects may be scheduled simultaneously or in such a manner that one would not cause work already done to have to be repeated due to any resulting impact from work not scheduled in a productive manner.

- II. As part of the same philosophy, we will be upgrading our IT systems and equipment to provide a more stable and reliable platform from which to run our organization. This includes upgrading servers, computers, telephone systems, software, and end user equipment to enhance our day to day work and to streamline work processes. Much of this work is planned in advance based on the age of equipment, replacing such things as phones and computers before they reach the end of their usefulness.
- III. In Human Resources/Employee Experience, the emphasis will be on employee development. Our new Employee Learning and Development Manager, Robert Vear, has over 25 years of experience in developing and delivering training at every level of an organization. He will be adding new elements to the Pathways program which will include designing our own content which will be more relevant to our goals and the way we do business under the cooperative model. A comprehensive manager training series is being developed which will give our supervisors and managers the tools they need to successfully perform in their role.

We are also looking at ways to improve our culture. This has resulted in the creation of two committees which are designed to enhance the employee experience. These are the Employee Experience committee and the Diversity and Inclusion committee. Each committee is comprised of employees, under the direction of the Director of Administrative Operations, who are collecting data for the purpose of identifying areas in the culture of the Co-op that are in need of improvement in order to provide a better working environment and increase employee satisfaction. Once the confidential data has been collected, it will be used to create employee personas for the purpose of understanding our employees' needs and expectations when it comes to culture and, especially, communication.

- IV. Business continuity should be on everyone's mind. Should there be a business interruption, we need to be prepared with contingency plans. This includes maintaining critical business functions, but more importantly, it includes emergency response plans and the ability to push out emergency communications, as needed, quickly and effectively. We are working with our Business Continuity Consultant, Arlene Silva, on bringing these systems on line and building out our various emergency response teams at each location. Our new Facilities Manager, Chris Cobb, is working with our local fire and police departments to develop emergency exit strategies for all locations. Once completed, we will have practice drills to ensure that our employees are well-trained and can stay calm while assisting our members, shoppers, visitors and other employees to exit the building safely.

PART III: APPENDIX

Co-op Ends

The Hanover Consumer Cooperative Society exists so that there are accessible, trustworthy, high quality, cost-effective goods and services that meet the needs of our diverse and inclusive community.

1) Shoppers have access to a range of goods and services including, but not limited to:

- Fair trade goods
- Locally produced goods
- Organic goods
- Conventional foods
- Affordable goods and services

2) Shoppers experience a positive, personalized experience.

- Shoppers have access to goods and services at times, places, and modes that meet their needs.

3) Our community has choices with positive environmental, health, and social impacts.

- Shoppers understand the environmental, health, and social impacts of their choices

The Cooperative Principles

1. Voluntary and Open Membership

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. Democratic Member Control

Cooperatives 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 cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organized in a democratic manner.

3. Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

4. Autonomy and Independence

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

5. Education, Training and Information

Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public—particularly young people and opinion leaders—about the nature and benefits of cooperation.

6. Cooperation among Cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

7. Concern for Community

Cooperatives work for the sustainable development of their communities through policies approved by their members.