

# 2018 ENDS REPORT

HANOVER CONSUMER COOPERATIVE SOCIETY, INC.

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## INTERPRETATIONS

by Ed Fox, General Manager

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**End One:** *The Upper Valley will have a retail source of food that is affordable, healthy, grown and/or processed locally to the fullest extent possible.*

I interpret this to mean that our co-op sells high-quality food and other goods, and as much as possible, these products are reasonably priced and sourced within 100 miles from our stores. Given what is healthy for one shopper may not be for another, we do not tell people what they should eat. Instead, we provide a wide variety of choices and information, then trust consumers to make the decisions that are healthy for themselves and their families.

**End Two:** *There will be economic value returned to the community via charitable contributions, outreach projects, patronage refunds to members and other avenues.*

I interpret this to mean that our co-op is a conduit for community good, operating with a spirit of altruism, charity, benevolence, and public service. As a natural extension of these ideals, we look for ways to provide food, monetary donations, and educational programming to our communities while seeking nothing in return.

**End Three:** *Customers will be better educated about food issues and, as a result, make healthier choices than those who shop elsewhere.*

I interpret this to mean that our co-op uses clear and transparent information to educate shoppers and help them make smart, healthy, and well-informed decisions. We believe that knowledge is power and isn't proprietary—i.e., the property of food corporations.

**End Four:** *There will be vibrant cooperative sector in the economy, both nationally and regionally, and a local community educated in the value of cooperative principles and enterprises.*

I interpret this to mean that our co-op leverages its resources and works with other co-ops to build networks of cooperative partnerships. We use our communication channels to educate consumers on the value of these partnerships and the benefits of cooperation.

**End Five:** *The cooperative's bioregion will have a vibrant local agricultural community and that community will, in turn, have a reliable retail market for its products.*

I interpret this to mean that our co-op recognizes that we do not support local, but that local supports us. From this foundation, we serve our local and regional growers and producers with a thriving local cooperative retail business that purchases and sells local foods and educates consumers on the benefits of local agriculture.

**End Six:** *There will be a major source of employment in the community that provides personal satisfaction to employees, livable wages and financial security for employees and their families.*

I interpret this to mean that our co-op consistently works at being a fair and just employer, with a commitment to industry-leading benefits, competitive salaries, and supportive working environments. Employees have access to diverse education and training opportunities, which in turn adds value to their personal and professional lives.

**End Seven:** *There will be a thriving business organization that protects and restores the environment.*

I interpret this to mean that our co-op recognizes that a thriving business cannot exist without a healthy planet. To that end, we support a wide variety of sustainability initiatives and pursue progressive, restorative environmental policies and programs.

**End Eight:** *Everyone engaging with our business shall be included, welcomed, and appreciated, contributing toward more diversity, inclusivity, and equity in our Upper Valley community.*

I interpret this to mean that our co-op honors that our member-owned organization is guided by the seven principles of the cooperative movement, including open to all and democratic control. We champion the belief that a society is only as strong as its respect for each and every person. As a result, we welcome a diverse, multicultural, and inclusive space that supports the whole self of each person and reflects the many different communities we serve.

**NOURISH. CULTIVATE. COOPERATE.**

# 2018 ENDS REPORT

## FORWARD

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Team,

We recently closed the books on 2018. I'm pleased to report that once again we ended the year in the black, which puts us in a great position for the year ahead. This also means that thanks to these earnings, our co-op will be able to offer a patronage refund to our members.

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### 2018 Earnings at a Glance

Savings before taxes: \$240,315

Patronage refund: \$108,222

Remaining profits after taxes: \$27,918

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This is good news, although it brings to mind something important: I would suggest it's time to change the conversation about how we look at patronage.

### **Patronage Refunds**

A patronage refund is simply a form of profit sharing. At the end of the year, a food co-op can return profits to members in the form of a refund, which is tax-free both to members and to the co-op. The co-op can then distribute the refund as cash or reinvest it in the business.

It's a nice perk, but a patronage refund is not the only way to provide value. A few years ago, our co-op began thinking seriously about this idea and looking at patronage in a much more comprehensive and multifaceted way.

### **Patronage and the Co-op Ends**

With this in mind, we launched discounts for members in the form of our popular Member Appreciation Days. These discounts provide economic value to members throughout the year,

as opposed to a single patronage refund at the end of the year. We also launched Pennies for Change, an innovative way of collecting donations for local nonprofits. The program has been very successful, raising nearly \$675,000 for our neighbors in need in less than three years. Finally, we reinvested in our business, making our organization stronger, more adaptable, and more efficient. All of these things provide great value to our members and communities.

In my view, we should look at patronage as fulfillment of the Co-op Ends, the subject of the report that follows. I believe that looking at patronage in this way, broadening our view of it, has led to one of the most productive periods in our history.

### **State of the Co-op**

It's been a remarkable few years. Today our sales are incredibly strong, well ahead of where we once were. The highly contentious at-will language has been completely removed from our Employee Handbook. We've launched a new Co-op Kitchen, new product lines, a Workforce Plan, a Pathways program, Pennies for Change, Value Propositions, a Member Engagement Project, and ECRS/Catapult, an industry-leading technology suite. We've expanded our auto-repair services, opening a new facility on Route 5 in Norwich, Vt. And we've put even more of an emphasis on the important policy work that guides our co-op, which helps with our decision-making. Good policy work makes decisions less haphazard and more strategic, defined, and deliberate.

All of this has been made possible through the efforts of a remarkable team of employees. In an industry characterized by part-time workers toiling for low wages and no health insurance, 82 percent of our employees are full-time, with competitive salaries and industry-leading benefits.

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*Our employees have careers, not jobs, and they have built one of the most forward-thinking cooperatives in the country.*

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Could we have done this without the Co-op Ends? I don't believe so. The Ends gives us a certain clarity of purpose. Ultimately, through our collective patronage, the Ends are what we deliver to our members, shoppers, and the communities we serve.

Keep in mind, what we offer isn't necessarily groceries or gasoline. It's the Co-op Ends. Generations from now, our members may envision a completely different business than the

one we operate today, providing very different products and services. But the Ends are timeless and universal, giving our co-op a roadmap into the future.

### **Final Thoughts**

Perhaps the most salient and timely feature of the Ends is that they provide hope. In this contentious day and age, I believe our world is thirsting for things that are hopeful, edifying, and unifying. For cooperators, this means there is great opportunity to effect positive change by living out the end results we strive to create in the world.

As you browse through the report that follows, know that through your Co-op, you continue to make a profound impact both locally and across the globe. If you have questions or comments, please don't hesitate to reach out to me. My door is always open. And as always, my thanks to our team for contributing to the following report.

—ed

NOURISH. CULTIVATE. COOPERATE.

## INTRODUCTION

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This report explores the Co-op Ends, at times with a certain nostalgia.

Before we begin, it would help us to review what the Ends are and where they came from.

### **The Challenge of Multiple Goals**

We have no shortage of lofty goals at our co-op, which is a good thing. Consider just a few examples. Currently we have: 10 Cooperative Values, 7 Cooperative Principles, 8 Ends, 5 foundations, a mission statement, a vision statement, a global ends statement, a statement of cooperative identity, and a triple bottom line. To help measure all this, we generate: board reports, monitoring reports, impact reports, annual reports, ends reports, GM reports, GM updates, business plans, and strategic plans. This ambitious, transparent, and far-reaching scope is a defining characteristic of our business, but it does present challenges.

### **Seeking Navigation**

Imagine running a successful business, which is hard enough, while also applying values of democracy, equality, solidarity, honesty, social and environmental responsibility, and cooperation. Imagine doing all of this while competing against a sea of competition that doesn't adhere to these high standards at all. How would you even define the terms? What does "solidarity" mean in the context of selling food to a broad range of consumers with very different expectations? How would your terminology inform your decision-making?

These are rhetorical questions, but they also serve as a helpful starting point for looking at the Co-op Ends. Several years ago, our board spent months crafting the language for the Ends. The entire process grew out of a navigational need the board had identified through interactions with Co-op members. One board member at the time described as a need to set guardrails along the road the Co-op would be traveling on in the years ahead.

The Co-op Ends emerged as a broad, multifaceted theoretical framework. We summarize it simply as: **the end result we strive to create in the world.**

The Ends are organized into two parts—an Ends statement, or overriding concept, and an Ends policy, which breaks that concept down into eight outcomes.

## **Ends Statement**

- The Hanover Consumer Cooperative Society exists to provide cooperative commerce for the greater good of our members and community.

Seven distinct groups comprise our members and community: Co-op members, non-member customers, Co-op employees, and their families, local suppliers, local community, larger cooperative community, past and future generations of Hanover Co-op members.

## **Ends Policy**

- Because of the Hanover Consumer Cooperative Society:
  1. The Upper Valley will have a retail source of food that is affordable, healthy, grown and/or processed locally to the fullest extent possible.
  2. There will be economic value returned to the community via charitable contributions, outreach projects, patronage refunds to member and other avenues.
  3. Customers will be better educated about food issues and, as a result, make healthier choices than those who shop elsewhere.
  4. There will be vibrant cooperative sector in the economy, both nationally and regionally, and a local community educated in the value of cooperative principles and enterprises.
  5. The cooperative's bioregion will have a vibrant local agricultural community and that community will, in turn, have a reliable retail market for its products.
  6. There will be a major source of employment in the community that provides personal satisfaction to employees, livable wages and financial security for employees and their families.
  7. There will be a thriving business organization that protects and restores the environment.
  8. Everyone engaging with our business shall be included, welcomed, and appreciated, contributing toward more diversity, inclusivity, and equity in our Upper Valley community.

## **Aiming High**

Are these Ends even remotely possible to achieve? We ask ourselves this all the time. Can a business ensure that all people feel included, welcomed, and appreciated? Can a cooperative provide financial security for every family? Can a grocery store educate shoppers to such a degree that they will make healthier choices?

It may be tempting to say it's a mistake to strive for such high-minded objectives. But to quote writer Neil Gaiman, "if you are making mistakes, then you are making new things, trying new things, learning, living, pushing yourself, changing yourself, changing your world."

This is the ultimate goal of the Co-op Ends. The Ends are aspirational. As long as we continue to reach beyond ourselves, to aspire to noble and worthwhile things, then along the way we will be changing our world for the better, one end result at a time.

## 2018 ENDS REPORT DATA

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In the report that follows, we have chosen and organized select metrics from 2018 and listed the metrics under their corresponding Ends.

- End One: The Upper Valley will have a retail source of food that is affordable, healthy, grown and/or processed locally\* to the fullest extent possible.

### **Co+op Basics**

The Co+op Basics program is a selection of staple foods and household goods, including natural and organic products, priced below the suggested retail. The Co-op is able to offer this program not by paying less to employees or farmers, but instead, by working with a network of other cooperatively owned food stores across the country to negotiate lower prices on healthy, organic, and natural products.

Co+op Basics products sold: more than 662,619 units, totaling \$1,934,511 in sales.

### **Flash Sales**

Our co-op offered 14 one-day Flash Sales in 2018. Our goals were to offer very low and very competitive prices on products already popular with our shoppers, to give shoppers the opportunity to stock up, and to boost our social media engagement.

Our most popular sale was Polar Seltzer in August. We sold 3,229 1-liter bottles. Other popular sales were Kind Bars and Larabars, both selling more than 2,000 units. Also popular was Ben & Jerry's pints (sold 1,971), Chocolove chocolate bars for Valentine's Day (sold 1,621), and Cedar's Hommus (two sales in 2018 totaling 3,163 tubs).

### **Healthy**

Healthy is difficult to define, given that what is healthy for one shopper may not be for another. Our approach to healthy is not to tell people what they should and shouldn't eat. Our approach is to provide shoppers with choices and information, then stay out of their way and trust consumers to make the decisions that are right for them and their families.

Because our members and customers have many and varying needs, we are unique in the variance and sheer number of individual products we offer.

Consider:

- We offer more than 23,000 individual food and beverage products.
- We offer natural, specialty, conventional, and local products throughout all of our departments.
- We sell more than 3,000 different brands.

Additionally, we are buyers for members—this means we sell the products that our customers and members want. We don't choose our products because our suppliers give us a deal or because it fits the latest cultural fad.

In short, our members vote with their dollars; if we sell an appropriate volume of a product to keep it fresh, we keep it on our shelves.

### **Big Deals**

Through the Co-op Big Deals program, we offer one sale price to shoppers, and a better sale price to members. In 2018, the Co-op sold 116,498 Big Deals products to our members, for a total of \$524,916—offering members significant savings.

### **Case Lot**

Case Lot is one of our most popular sales of the year. Honoring our co-op's origins, when a handful of Upper Valley families ordered staple foods by the case, our yearly Case Lot sale offers tremendous discounts on a wide variety of popular products.

In 2018, we sold \$310,747.42 worth of Case Lot products. Customers saved \$184,172.28. The sale was up more than 20 percent from 2017.

### **Double Up Bucks Program**

Our Double Up Bucks program allows EBT users to get fresh produce at our stores for half price. In 2018, we worked with the Fair Food Network and local partners to bring this program to our co-op. At the time we were the first large retailer on the east coast to implement this program. Consider:

- Number of participants: 260
- Discounts given: \$11,208

### **Emergency Food Access Vouchers**

This program grew from our work with our neighbor, Dartmouth College. Originally, this program was designed to help students in need who were stuck on campus during breaks. These students were able to attend school on scholarships but relied on campus dining services for food. During breaks when dining services were not available, over 150 students didn't have consistent access to food. The school worked with our co-op to sponsor a program that empowered people to make choices by providing students with comprehensive tools including shopping vouchers, cooking classes, and store tours. This program was incredibly successful and has become a valuable tool to help our cooperative respond to immediate and unpredicted needs in our community.

- Number of vouchers: 180
- Discounts given: \$1,370.12

### **Food for All**

Food for All is a Co-op discount program intended to make healthy food more accessible to everyone in our communities, regardless of income.

- Discounts given: \$28,219.51

## **Education Projects**

The Co-op Outreach and Member Services Department is committed to promoting education projects throughout the year to help our members and shoppers make healthy and affordable choices.

### 2018 Projects:

- In-store education on Heart Health Month in February
- In-store education on the Co+op Basics program in September
- Store Tour on Reading Labels
- Dig Into Nutrition Classes: Dinner with Diabetes, Plant Based and Heart-healthy, Sweetheart Snacks—Healthi(er) Ways to Dessert, Unveiling the Essential Elements of Food (OSHER course).

*\*For detailed information on local, see End Five.*

- End Two: *There will be economic value returned to the community via charitable contributions, outreach projects, patronage refunds to members, and other avenues.*

## **Food Drives**

Food drives have been an important part of our co-op culture for decades, supporting area food banks throughout the Upper Valley that include Listen Community Services, the Haven, and the Claremont Soup Kitchen. In 2018, we collected more than 873 lbs. of food through our popular Shred Events.

## **Pennies for Change**

Pennies for Change is a charitable-giving program founded on an innovative approach to collecting money at the registers.

When shoppers check out at the registers, they have the option to round up their grocery bill to the next dollar. The Co-op will then donate the difference to community nonprofits.

Of the funds collected, 60 percent goes to our food access partners, LISTEN Community Services, Upper Valley Haven, and Willing Hands. The remaining 40 percent is split between two other community partners, which change on a monthly basis.

Community partners are assigned as a 30-percent or 10-percent partner based upon: the impact on the community, the area of operation (number of people impacted, depth of impact, areas served), efficiency of the organization (annual revenue, number of programs/employees, and long-term viability), and an understanding of how the funds will be used to help support the mission of the applicant.

## 2018 PENNIES FOR CHANGE DONATIONS

Month	Donation Total
January	\$16,339.44
February	\$17,268.45
March	\$22,673.93
April	\$17,543.14
May	\$18,163.49
June	\$22,044.89
July	\$17,708.01
August	\$17,122.18
September	\$21,388.66
October	\$17,713.91
November	\$17,305.85
December	\$22,235.19
<b>Total</b>	<b>\$227,507.14</b>

## 2018 COMMUNITY PARTNERS

<b>Month</b>	<b>30% Organization</b>	<b>Total donated</b>	<b>10% Organization</b>	<b>Total donated</b>
January	WISE	\$4,901.85	Ottaquechee Health	\$1,633.94
February	Child & Family Services NH	\$5,180.53	Public Health of UV	\$1,726.84
March	The Family Place	\$6,802.18	VT Ctr for Eco Studies	\$2,267.39
April	West Central Behavioral	\$5,262.94	UV Humane Society	\$1,754.31
May	Love Your Brain Foundation	\$5,449.05	Upper Valley Land Trust	\$1,816.35
June	SPARK!	\$6,613.47	Granite United Way	\$2,204.49
July	COVER	\$5,312.50	Southeastern Vermont Community Action	\$1,770.80
August	Grafton County Senior Citizens Council	\$3,424.44	Easterseals of VT/Veterans Court	\$1,712.22
September	Friends of Mascoma	\$6,416.60	Positive Tracks	\$2,138.88
October	Headrest	\$5,314.17	HIV/HCV Resource Ctr	\$1,771.40
November	Twin Pines Housing Trust	\$5,191.75	Second Growth, Inc.	\$1,730.59
December	Children's Center of the UV	\$6,670.56	TLC Resource Ctr	\$2,223.52

Total donations to 30% partners: \$66,540.04.

Total donations to 10% partners: \$22,750.73.

## Community Impact

Below is an unedited, unabridged selection of thank-you notes from some of our Community Partners:

Thank you so much for supporting local agencies through the Pennies for Change program. The donations, while seeming small at the time, make a huge impact in organizations like ours. This generous gift allows us to support women and their families in many ways. Gifts like this help us provide birth classes, breast pumps, and diapers to women and their families regardless of insurance coverage or ability to pay. They help us provide car seats and installation to families that are struggling to transport their children safely. They help us offer programming to families who are grieving the loss of their baby. They help us respond to families in crisis. They allow us to empower women to be strong family advocates, something that benefits our entire community. Thank you for your commitment to the Upper Valley through the Pennies for Change program. We look forward to working with you again in the future.

P.S. And just so you know, our family always rounds up at the register. :)

—Women's Health Resource Center

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I write on behalf of the whole team at Positive Tracks to thank you for your generous gift of \$2,138.88. We're not going to tell you why we're worthy of your gift, or even worthy of your time it takes to read this letter. We won't tell you about the global award we won on the top floor of the World Trade Center on Sept 12; or about how we dropped the crystal trophy on the marble floor ten minutes later.

All you really need to know is that when you give your time and money to Positive Tracks, you are standing behind real young people addressing real issues – on behalf of all our shared future.

—Positive Tracks

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We're so grateful for the Co-op Food Stores support! Thank you for your recent contribution of \$2,257.85 as a result of the December Pennies for Change program.

Just as the Co-op food Stores enhance the Upper Valley through your mission of "Nourish Cultivate Cooperate", Twin Pines Housing strengthens our community by providing affordable housing and the supports necessary to keep residents housed. The Upper Valley is vibrant, in part, because of the collaboration among its nonprofits. We're glad to be partnering with you.

Please share our sincere thanks with the Co-op Food Stores' Board of Directors and staff.

—Twin Pines Housing

### **Hanover Cooperative Community Fund**

In December, 2000, our co-op's board of directors established the Hanover Cooperative Community Fund (HCCF), investing an initial \$5,000 with Twin Pines Cooperative Foundation in California. Twin Pines matched the \$5,000, and the HCCF's endowment was born.

Since then, Co-op members have donated their patronage refund checks, given money at the registers, and supported fundraisers established by the board and management. Enthusiastic Co-op employees have raised money via walk-a-thons, dedicated product sales, and volunteering at the annual golf tournament.

As a result, the HCCF's endowment in June, 2018, was worth just under \$450,000.

Twin Pines uses these funds from Hanover and 40 other food co-ops to develop cooperatives throughout the U.S. and pays the HCCF interest each year. The HCCF then distributes that interest through our Community Project Grants and the Gerstenberger Scholarship for Cooperative Education. This year, the HCCF has \$12,700 to share with our community.

The following four local non-profits were the 2018 Community Project Grant winners:

*West Central Behavioral Health's inShape Program* (\$2,250), provides mentored food and exercise services to the mentally ill to improve their quality of life and long-term health.

*Growing Peace Project's* multi-faceted program (\$2,250) encourages youth activism via a teaching garden, donated harvest, and shared meals with food insecure community members.

*Clara Martin Center's Holiday Basket Project* (\$2,000), ensures December holiday food celebrations for families of limited means.

*Twin Pines Housing Co-op's Crockpot Cooking Program* (\$1,200), offers residents cooking classes, recipes, and the use of the program's crockpots to make the most of seasonal produce from Willing Hands.

### **Gerstenberger Scholarships**

The Gerstenberger Scholarship for Cooperative Education offers scholarships to members and employees of cooperatives in the Upper Valley who seek to further the cooperative movement through education, training, and/or business development. The scholarship is named in honor of the Co-op's long-serving General Managers, Harry and Arthur Gerstenberger, and first Education Director, Sally Gerstenberger.

Two Gerstenberger Scholarships were awarded in 2018:

The 2017 award was granted for two years, giving \$2,500 each year to the NH Community Loan Fund and NH-Resident Owned Communities for training that connects manufactured housing co-ops to other area cooperatives and to the cooperative movement.

The 2018 scholarship was awarded to Melissa K. Scanlan of Norwich, Vermont, for her upcoming study of the environmental impact of well-established worker cooperatives in Spain and Italy and how to best harness the power of cooperatives to meet sustainability goals, particularly those involving climate.

The ability to provide these awards is possible only because of the dedication of our co-op's members, shoppers, and employees in supporting the HCCF.

**Willing Hands**

Food that no longer meets quality standards for sale but remains perfectly edible is donated to our friends at Willing Hands, an Upper Valley nonprofit that provides food for our neighbors in need. 2018 Willing Hands donations: 163,902 lbs.

- End Three: Customers will be better educated about food issues and, as a result, make healthier choices than those who shop elsewhere.

**Employee Learning and Development/Training**

One of the primary ways our Co-op educates shoppers is through day-to-day interactions with highly skilled, highly trained Co-op employees. As a result, our Co-op’s Learning and Development Team, part of our Human Resource Department, facilitates and in many cases provides extensive training to employees in a variety of areas, including, but not limited to, cooperative education, product knowledge, food safety, legally mandated compliance topics i.e., harassment, and ECRS/Catapult.

2018 saw the introduction of our comprehensive Pathways Program that provides learning curricula for employees at every level. This includes training that is directly related to each employee’s role offers employees opportunities to develop broader career skills.

Please see the charts below for more information.

**Food-Safety**

<b>Food Safety Training</b>	<b>2018</b>
Total number of employees trained in food safety:	59
Food safety session onboarding:	69
Food safety for the Co-op, 4 hour:	51
ServSafe certification:	0*

\*Due to transition to new internal trainers and other Food Safety initiatives, we did not offer ServSafe training in 2018. In 2019, 2 ServSafe sessions plus a new recertification process are scheduled as well as an initiative to require almost all Co-op employees to complete our 4-hour food safety training.

<b>ServSafe Certification</b>	<b>End of 2018</b>
Current number of ServSafe certified employees with current certification	59

### **Sustainability**

<b>FishWise Certification</b>	<b>2018</b>
Number of Co-op Meat and Seafood Department employees who completed FishWise Certification during the year:	<b>21</b>
Total Number of Co-op Meat and Seafood Department employees currently FishWise certified	<b>24</b>

FishWise Certification helps companies improve the sustainability of their seafood offerings and allows consumers to make environmentally informed choices when purchasing seafood.

### **Overall Training**

*Number of training hours and participants:*

<b>Training</b>	<b>2018</b>
Training hours:	<b>1,518</b>
Participants:	<b>381</b>

Participants who attended more than one event	<b>267</b>
Number of learning events:	<b>139</b>

<b>TOTALS</b>	<b>2018</b>
<b>Total Training Hours:</b>	1,518

*Training provided internally by Co-op trainers*

	<b>2018</b>
Training hours:	1,458
Participants:	381
Number of learning events:	138

*Training provided by external trainers*

<b>CPR Training</b>	<b>2018</b>
Training hours:	60
Participants:	10
Number of learning events:	2

*Percent of Employees Trained*

	<b>2018</b>
Percentage of employees who participated in at least one training during the year:	<b>100%</b>

**ECRS/Catapult Training**

In 2017 a major focus of learning was the introduction of ECRS technology to many of our employees. This intensive training effort was provided by external ECRS trainers and by over 50 internal Co-op Power Users. Since the introduction of Catapult to our operations, ECRS training is ongoing and has, in large part, shifted in 2018 to become part of an employee’s on-the-job training, which is not part of this report.

In addition, three specific specialist groups plus the Steering Committee have been meeting monthly to share resources including training.

**Comments**

An extensive comment system is in place at our co-op, one that we have refined over the years. Rather than simply another way of contacting our co-op, the comment system is a true education tool, providing a robust, two-way information channel between the Co-op and our members and shoppers. We listen and respond to all feedback in a timely manner, and use each comment as an opportunity to educate our members and shoppers about the food industry, cooperatives, and Co-op operations.

In 2018, Co-op employees responded to 1,047 comments. General feedback accounted for 574 of the comments, while 473 comments were product requests.

**Public Relations**

Family-scale farming and locally based food producers deliver much to our region, yet, as businesses, they frequently face an unlevel playing field. Federal funding and grants designated for their operations go unfunded, funds are cut, or they are consumed by large Ag operations.

Following Allan Reetz's participation in a May 2018 "fly-in" to support key provisions in pending Farm Bill legislation, Allan shared news of the work and some of the finer details with Hanover Co-op members, employees, and through news media.

### **Co-op Learning Center**

The Co-op launched the Co-op Learning Center several years ago, building a beautiful kitchen and learning space behind the Co-op Cafe in our Lebanon Store. Our CLC is a place to educate the public on food, cooperatives, and social and environmental justice issues. Over the years we have featured film screenings, demonstrations, a wide variety of classes, and presentations from cooperative industry leaders and activists.

The CLC had a remarkable year in 2018. We held 285 classes, 53 private classes, 48 private rentals, and 9 Kids Camps. Enrollment was up 49.8% over the year before:

- 2017 Enrollment: 1791
- 2018 Enrollment: 2683

In addition to the usual lineup of classes, we also hosted:

- 2 groups from the Family Place,
- Active Adults classes through the Hanover Parks and Rec Department, and
- Meet Up Upper Valley classes through the Hanover Chamber of Commerce.

The CLC also hosted classes for the Hanover Parks and Rec Department, Lebanon Parks and Rec Department, and Mascoma Parks and Rec Department.

### **Merchandising**

Members of our Merchandising team meet regularly with Operations employees in our stores. As part of these meetings, Operations employees learn about new products that are available and trends in the food industry. Primarily, potential new products are introduced to our Merchandising team, who then presents the products and information to store employees. In

some cases, however, employees meet directly with vendors and brokers, who show them new products available in the marketplace and discuss industry trends.

- End Four: There will be vibrant cooperative sector in the economy, both nationally and regionally, and a local community educated in the value of cooperative principles and enterprises.

Co-op teams regularly support and partner with other cooperatives. A partial list of these cooperatives appears below.

### **Public Relations**

National Cooperative Business Association (NCBA)

UNH Cooperative Extension

Cornell Cooperative Extension

Cooperative Development Foundation (CDF)

Neighboring Food Co-op Association (NFCA)

Cooperative Development Institute (CDI)

Equal Exchange

Cooperative Communicators Association (CCA)

Vermont State Employees Credit Union (VSECU)

Hunger Mountain Food Co-op

Isuken Co-op (Somali start-up in Maine)

Resident Owned Communities of New Hampshire (ROC-NH)

Cooperative Fund of New England

New England Farmers Union (NEFU)

Shirley Sullivan Fund (cooperative education scholarship fund)

Howard Bower's Fund (cooperative education scholarship fund)

### **Member Services and Outreach**

*Co-op to Co-op support*

Hunger Mountain

Wheatsville

Buffalo Mountain  
Menomonie Market  
Equal Exchange  
Littleton  
VSECU

*Other examples of support*

Collaboration on Co-op Month visuals, used by many cooperatives  
Participation on the Cooperative Grocer Network Board  
Interaction with all NCG co-ops on marketing Facebook group  
Collaboration with City Market and other cooperatives on yearly Diversity Workshop  
Board member attendance at Peer-to-Peer event held at Upper Valley Food Co-op

**Human Resources**

Harvest, MA  
Littleton, NH  
Monadnock, NH  
Concord, NH  
Brattleboro, VT  
Hunger Mountain, VT  
City Market, VT  
Springfield, VT  
Middlebury, VT  
River Valley, MA

**Operations**

City Market, VT  
Concord, NH  
Sacramento Natural Foods Co-op, CA  
Monadnock, NH  
Weavers Way, PA  
Grain Train Natural Foods Markets, MI  
Healthy Living, VT

## **Public Relations and Cooperative Connections**

As noted by Allan Reetz, “We value the Cooperative Principle that guides us towards cooperation among cooperatives, but it is not mandatory or inherent in our day-to-operations; it takes conscious commitment.” The founders, and generations of cooperative practitioners, knew from their early struggles that there is strength in numbers. That truism can become overshadowed as cooperative ventures gain momentum and success. Yet, whether a consumer-owned venture is like ours or is a fledgling enterprise, we must continually seek out and strengthen cooperative relationships.

In the past year, Public Relations department work included:

- board service to the Cooperative Communicators Association;
- assistance to, and attendance at, NCBA’s annual IMPACT Conference;
- building community collaboration with VSECU, including major support of its Point to Point fundraiser for the Vermont Food Bank;
- providing a public relations tutorial to a new employee at Hunger Mountain Co-op;
- speaking at length to a journalist writing about City Market’s new store and its possible impact on patronage refunds at that cooperative; and
- hosting meetings with the Commissioner of the New Hampshire Department of Agriculture with area farmers.

## **Merchandising, Operations, and Cooperative Connections**

To be successful, our retail operations are dependent upon a broader, worldwide connection of cooperative and fair-trade networks. Examples of our cooperative partners include retailer-owned co-ops (Associated Grocers, Frontier), national cooperative organizations (National Co+op Grocers, CDS Consulting Co-op, National Cooperative Bank), worker-owned co-ops (Equal Exchange, Artisan Beverage), and grower/producer-owned co-ops (La Riojana, Florida’s Natural). For a deep dive into these partnerships, see below:

### **Equal Exchange**

#### **\$843,000 in sales in 2018**

The Co-op's partnership with our friends at Equal Exchange is a true cooperative success story. Our Co-op Organic Coffee completes a fully cooperative supply chain. Farmer cooperatives in Mexico and other countries grow the coffee beans. Equal Exchange, a worker cooperative, buys and roasts the beans and sells them to us. The Co-op, a retail cooperative, sells the coffee. At the Co-op, 40 cents of every pound sold goes into a fund to support our sister co-op in Chiapas, Mexico.

### **La Riojana**

#### **\$65,000 in sales in 2018**

Traditionally exclusive to cooperative retailers, La Riojana is a progressive, grower-owned co-op offering wine and olive oil. La Riojana is one of our most popular wine brands.

### **Organic Valley**

#### **\$627,000 in sales in 2018**

Organic Valley is a long-time Co-op partner and an organic farmer co-op. Organic Valley provides our Co-op with cheese, milk, eggs, and butter.

### **Alaffia**

#### **\$28,000 in sales in 2018**

Alaffia has founded co-ops in Togo, West Africa, that provide employment, livable wages, access to education and medical care, and dignity for oppressed people. Alaffia provides our stores with popular shea/coconut body care products, and African grass baskets, scarves, and hand bags.

### **Artisan Beverage Cooperative**

#### **\$42,000 in sales in 2018**

Artisan is an employee-owned, Massachusetts-based brewery co-op that provides our Co-op with bulk Katalyst kombucha. Artisan's mission is to produce high-quality beverages, while taking into account their products' social and economic impacts.

### **Frontier Natural Products Co-op**

#### **\$235,000 in sales in 2018**

Frontier is a retailer-owned co-op that provides our stores with natural, fair trade, and organic herbs, spices, teas, culinary products, and aromatherapy/body care goods. Frontier is known for

being environmentally and socially responsible, with many products grown in impoverished rural communities across the globe. Frontier's Well Earth program has also given more than \$1 million back to farmers over the last 10 years.

### **Other Cooperative Partnerships**

In addition to working with the cooperatives listed above, our co-op also enjoys a wide variety of other cooperative partnerships, impacting everything from customer service to employee education to building national and international cooperative networks.

We have a close relationship with National Co+op Grocers (NCG), a co-op owned by cooperative retailers across the country. NCG offers our Co-op sales promotions, display programs, access to new items, category management programs, natural products, and other industry resources. Also, in 2018, Employee Learning and Development Manager Paul Lamed partnered with NCG to implement Co+op U, a comprehensive education program that provides Co-op employees with a wide variety of classes and minicourses on many different topics.

Finally, our co-op has produced a variety of materials used by other cooperatives, often via social media. For example, our posts and GM reports are regularly shared by other co-ops on Facebook and Twitter, our graphics are often used by our sister cooperatives for promotional materials, and our artwork is freely used and shared by cooperatives worldwide.

### **General Manager**

Each year, General Manager Ed Fox works with a wide variety of other co-ops and cooperative organizations. In 2018, his cooperative partnerships included the following (not all-inclusive):

#### *NCG*

Annual GM Conferences

Quarterly regional GM Conferences

#### *Co-op Consulting*

St Johnsbury Vt: Start up

Granite City (Barre, VT): Start up

City Market (Burlington VT)

Hunger Mountain (Montpelier, VT)

Isle Vista (Isle Vista, CA)  
Berkshire Coop (Great Barrington, MA)  
Harvest coop (Boston, MA)  
Wild Oats Market (Williamstown, MA)

*Speaking*

Equal Exchange annual meeting  
Antioch College Co-op Businesses Program  
Marlboro College Co-op Business Program  
St Michael's College Co-op Business Program

*VSECU*

Co-op economy messaging and education

**Employee Education at the Source: Equal Exchange Trip to Peru**

In 2018, Member Education Manager Emily Rogers traveled with Equal Exchange to visit farmers in Peru. These farmers supply the cacao for Equal Exchange chocolate chips sold at the Co-op. Emily presented 5 talks about the trip and 4 education sessions for staff members. She also offered a chocolate-tasting class and an in-store sampling demo, which presented information from the trip to shoppers.

**Education Outreach**

Using a wide variety of channels, including e-news blasts, social-media posts, and in-store displays, the Outreach Department promoted a wide variety of education topics in 2018. Subjects included: Reduce Your Impact, Heart Healthy Eating, EE Fair Trade Bananas, Farmworker Awareness, Cooperative Voting, Pollinators, Hunger Action Month, Co-op Month/Fair Trade Month, and Local Holiday Gifts.

- End Five: The cooperative's bioregion will have a vibrant local agricultural community and that community will, in turn, have a reliable retail market for its products.

## **Local**

We consider the local and regional foodshed as being within 100 miles from our stores. As we source, market, and label the more than 3,500 products we receive from that zone, our employees strive to follow state statutes that dictate how the term “local” is to be used.

The labeling laws and farm-to-plate policies of New Hampshire and Vermont are important guidelines for all retailers, including our cooperative. We follow these guidelines in order to maintain transparency and to respect food producers in the twin states.

New Hampshire and Vermont agriculture has roots that we can trace. Inside every barn, across the fields, and within busy kitchens and food production facilities is the story of toil, earned success, and passion for community. It is stewardship with a local address.

Our co-op works with more than 300 local growers, producers, and distributors throughout the year.

In 2018, the Co-op purchased \$4,055,232.45 in agricultural products from 102 local and regional producers. Agricultural products include maple syrup, meat, eggs, produce, floral, milk, yogurt, and cheese. Sales of all locally grown or produced products totaled more than \$15,435,191. This number represents 21.95 percent of total food store sales.

## **Public Relations and the Local Connection**

To meet the vision of this end, our farmers and food producers need a reliable business partner. The work of our Public Relations Director enhances such partnerships through mutually beneficial collaboration, as well as through projects that don't directly benefit the Hanover Co-op. We seek to be a positive force in the greater regional foodshed.

We also believe a vibrant local agricultural community requires more than marketing local and regional products at a fair price to all parties. We must share ideas and work to advocate for small-scale farms and food producers.

To do so, a central effort of our Public Relations Director in 2018 was to establish and foster productive business relationships. Some examples include:

- attending and participating in a panel discussion on agricultural apprenticeships;
- offering insights on a survey plan to hear from the many back roads businesses of Vermont;
- sharing a vision of sustainable retail partnerships with attendees at the NH Food Alliance Statewide Gathering;
- advocating at the Federal level for Farm Bill policies that consider the needs and benefits of small farms and food producers;
- establishing collegial connections with Vermont Law School's Center for Agriculture Systems; and
- opening direct channels of communication with leadership of the agriculture departments in New Hampshire and Vermont.

### **Partnership with lēf Farms**

Located in Loudon, NH, lēf Farms is a committed Co-op vendor and education partner. The farm not only produces the finest high-quality greens, it also educates consumers and retailers about what it takes to maintain a thriving New England farm. The farm has hosted multiple visits from Co-op employees. We sell the farm's greens in our Produce Department, and use them in salads made at the Co-op Kitchen.

During a massive Romaine lettuce recall in November, 2018, lēf Farms was able to provide a guaranteed safe product for our Kitchen and stores.

### **New Growers**

New local and regional growers added in 2018 include: By Design Dahlias (Floral), Generation Farm (Produce), Laughing Child Farm (Produce), Boyden Farm (Meat), and Black Rose Creamery (Cheese).

- End Six: There will be a major source of employment in the community that provides personal satisfaction to employees, livable wages and financial security for employees and their families.

**Human Resources**

We work hard to provide our employees with diverse development opportunities. At the Co-op, employees, and prospective employees, can turn their passion for what they do into a rewarding and satisfying career. Just ask one of our many long-term employees. And starting in 2018, we focused our efforts on providing in-house training which is reflected in the lower cost of training noted below.

Total Benefits	\$3,486,951
Employee Discount	\$302,000
Total Wages	\$11,754,426
Employee Training Hours	1,518
% of employees	100%
Total spent on training	\$28,471

**Benefits**

The benefit package for our full time employees includes health insurance in which employees have a choice of 4 plans (one 100% employer paid), 100% employer paid dental, 100% employer paid vision, 100% employer paid life insurance, and 100% employer paid short term disability. All employees participate in our 401k plan and regular full and part time employees

enjoy 6 paid holidays per year. Regular employees who work 18 hours per week or more receive paid vacation, sick and personal time.

In addition, we provide a free Employee Assistance Program to all employees and their immediate families, as well as the Work United program, also available to all employees and their families, to help remove barriers to their success at work. We also provide all employees with a 20% discount on most items we sell and a 10% discount at our service centers for some services and parts.

Another benefit we offer which supports the development of our employees is tuition reimbursement of up to 2 courses per year and the opportunity for our employees and their family members to apply for one of our 15 \$500 annual scholarships.

### **Wages**

We are continually looking at compensation as it relates to fairness, equity, and market pressures. As the employment market becomes tighter, we find ourselves responding by bringing on new employees at a higher starting wage. Our compensation system allows for this as well as pay increases for existing employees based on their performance, and when appropriate, equity.

According to MIT, the average livable wage in the four counties in which we operate our cooperative is \$12.01 per hour. Eight percent of our employees (30 employees, 13 full time and 17 part time or per diem) earn slightly less than \$12.00, which means that 92 percent of our employees earn \$12.00 per hour or more. We realize that having even 8 percent of our employees earning a wage that is lower than the livable wage mark is not acceptable. Therefore, we will be increasing the pay of all of our employees who earn less than \$12.00 per hour to \$12.00 per hour by the end of April, 2019.

The livable wage as defined by the State of Vermont is \$13.06 per hour. While the MIT and VT livable wages are higher than our current minimum wage of \$11.50, they are lower than our average wage of pay grades 1-8, which at 1/1/2019 was \$16.57 (upper management is included in pay grades 9-12 and therefore those wages have been excluded here). The MIT and VT livable wages are also lower than the average wage of pay grades 1-4, which includes most of our retail employees. This average wage came in at \$13.82 per hour at 1/1/2019.

For many of our employees, working at our Co-op is their first job and they have a wonderful opportunity to learn the skills necessary to be successful in the world of work. In addition to providing a training ground for our employees, we provide some financial security in that our employees don't have to worry if their benefits will be there when they are needed or if their wages will be paid on time and in full.

Our Co-op employs about 360 people, and 82% of our employees work full time and receive full benefits. Our research shows that this is not the case throughout the retail industry, with Vons coming in at 30% full time and 70% part time and the retail giant Walmart coming in at 50%/50%.

When asked in our 2018 employee satisfaction survey, our employees stated clearly that one of the major reasons that they choose to work here is due to the support we provide to our local communities and the people who live here. Our employees continue to show their personal support for our communities and community partners by giving of their time as a volunteer. In 2018, 23 of our employees donated 240.5 hours of time as volunteers in our communities. The activities ranged from the preparation and serving of our monthly Listen Dinners to stocking the food shelf at the Haven as well as performing volunteer work in their local churches and other non-profit organizations.

### **Affordability, Advocacy, and Co-op Public Relations**

A "livable wage" has a variety of definitions, some derived by economic calculations, others by community compassion. Public affairs at the Hanover Co-op is work that considers these classifications and then sets about to support livable wages by advocating for improvements to affordability within our community and region. Among that advocacy is encouragement for and expansion of: public transit, reversing the scarcity of affordable places to live, and speaking up for legislation to enable small businesses to affordably offer paid family and medical leave for business owners and their employees.

- End Seven: There will be a thriving business organization that protects and restores the environment.

The Co-op would never be able to reach its sustainability goals without a thriving business organization in place to support it. Through a combination of teamwork, impressive sales, and keeping an eye on expenses, our business made great strides in 2018.

In 2018, once again we ended the year in the black. Thanks to such a good year, our co-op will be able to offer a patronage refund to our members.

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### 2018 Earnings at a Glance

Savings before taxes: \$240,315

Patronage refund: \$108,222

Remaining profits after taxes: \$27,918

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With this firm financial foundation in place, we support sustainability initiatives in a wide variety of ways.

#### **Waste Reduction**

In 2018, the Co-op diverted tons of organic material from the landfill through our food waste reduction programs.

Much of this was donated to our friends at Willing Hands, a nonprofit that distributes high-quality food to the needy in our communities.

- Food waste collected for agriculture: 164,702 lbs.
- Compost: 457,146 lbs.
- Willing Hands donations: 163,902 lbs.
- Total food donations: 785,750 lbs.

## **GreenChill**

In addition to food waste reduction, the Co-op also strives to meet Ends Seven through our continued partnership with the Environmental Protection Agency's GreenChill program.

In 2018, for the second straight year, the Co-op earned the EPA's award for Most Improved Emissions Rate. The Co-op competed with more than 10,800 large commercial retail grocery stores across the country for this award.

To put this into perspective, the emissions rate in 2011, our first year in the EPA partnership, was 55.6 percent. The Co-op had a steady decrease to 42 percent through 2015. In 2016 we reduced our rate to 9.5 percent through careful planning and new systems.

In 2018, our emission rate was 7.7 percent, down from 9 percent the previous year. It is important to note that the average supermarket commercial emission rate is 25 percent.

## **Public Relations**

Protecting and restoring the environment is noble work that deserves recognition. Such recognition builds greater awareness of, and support for, this protection and restoration work. This is a cyclical process. Initiatives that address our Co-op's seventh end are promoted to drive continued and expanded efforts. Knowledge of important initiatives drives new programs that establish the next generation of progress.

In 2018, we increased our commitment to sharing our stories of success through media promotion of our success in the GreenChill program, our Sister Co-op Coffee program, and delivering a winning presentation at the Annual Sustainability Slam hosted by New Hampshire Businesses for Social Responsibility. Other efforts include pushing the greater cooperative story directly to partners and regional outlets to expand public awareness.

## **Shred Events**

An integral part of our Food Drive program, our popular Shred Events give community members the opportunity to bring in their old documents for safe and secure shredding and recycling. Paper shredded in 2018: 3,500 lbs.

## Community Impact

On December 20<sup>th</sup>, 2018, the Lebanon Co-op hosted a Feed-A-Family event to support the Claremont Soup Kitchen and Woodstock Community Food Shelf. Below is an unedited, unabridged thank-you note from our friends at the Woodstock Community Food Shelf:

As you know, you delivered 1300 pounds of food last night. Usually we check dates and weigh all incoming food from food drives. This time you had done all this work for us. There were 10 volunteers at the Food Shelf, wives, husbands, and children, who helped unload and stack all the food in record time. It was the largest food drive we have had.

Thank you, thank you, thank you for all the work and your generosity.

—Helen Curtis, Woodstock Community Food Shelf

- *End Eight: Everyone engaging with our business shall be included, welcomed, and appreciated, contributing toward more diversity, inclusivity, and equity in our Upper Valley community.*

## Inclusion and Diversity

In the spring of 2018, Co-op Board president Bill Craig and General Manager Ed Fox drafted a letter on the topic of diversity, a letter that was released to the local media. The letter was entitled Open to All.

The overarching point was that a community is enriched by inclusion, and everyone, no matter who they are, should feel welcome.

The letter is reprinted here in its entirety:

Standing up to speak at Town Meeting. Catching up with a friend in the grocery checkout line. Waving to neighbors as they drive by. Living in community means we're recognized as individuals. From self-government to a friendly wave, community depends on our willingness to accept each other despite—or, better yet, because of—our differences.

Messages of racism and hatred try to convince us that we don't matter as individuals, only as categories. Bigots reduce others — and themselves — to colors, countries or religions. They don't believe in human dignity and diversity, in you and me. Only in us and them.

The Co-op Food Stores stand with our Upper Valley neighbors in rejecting messages of hatred and division. Our member-owned organization is guided by the seven principles of the cooperative movement, including membership open to all and democratic control. Cooperators believe that a society is only as strong as its respect for each and every person. We're grateful to live and work in a community that wants everyone to feel at home.

—Edward Fox, General Manager

—William Craig, Board President

Hanover Consumer Cooperative Society

Months later, the board, much to its credit, took the idea a step further, weaving the ideals of the letter into the very language that guides everything we do at the Co-op. Our belief in the value of human dignity and diversity is now the foundation of a new statement—End Eight above—approved by the board in the summer of 2018.

This couldn't be more timely. As we all know, we live in a time of great divisiveness. It often feels like there are more voices pushing people apart than there are calling people together. Our co-op's answer to that is to state, unequivocally, that ours is a collective voice calling for reconciliation.

Here we strive for a culture that welcomes people and values inclusion and diversity.

## **Training**

General Manager Ed Fox, Board Administrator April Harkness, Human Resources Director Lori Hildbrand, and several Co-op board members attended a full-day training session on diversity and inclusion on November 3, 2018, at the Shaker Museum in Enfield, NH. More than 50 cooperators attended the workshop, representing seven area cooperatives, CDS, NCG, and NFCA.

Employees and board members also attended other diversity and inclusion trainings throughout 2018, including a workshop facilitated by Dartmouth College.

### **Diversity Committee**

As this work continues, the board is working on a charter for the establishment of a Diversity Committee. The committee will be responsible for developing, promoting and evaluating the advancement of diversity among the board, management, employees, and other stakeholders.

The committee will also develop policies that strive toward achieving social equity. General Manager Ed Fox will report on the policies annually.

### **Removing Barriers**

Our cooperative works hard to identify and remove any barriers to an open organization committed to inclusion, diversity, and a welcoming environment. We strive to not only limit barriers, but we also put mechanisms in place so that we can identify barriers and take them down. These mechanisms include an extensive comment system, multi-stakeholder committees, blind applications, and the nondiscrimination policies as listed in the Employee Handbook.

We've been practicing this for years. To some degree, it's in our cooperative DNA. End Eight ensures this will stay in our DNA for years to come, preserving an open and welcoming co-op for future generations.

### **Advocacy Work**

The first successful cooperative, founded in Rochdale, England, in 1844, advocated for equality and social change. This idea influenced future cooperatives around the world, and ours was no exception.

Spearheaded by Director of Public Relations Allan Reetz, our cooperative is committed to systems advocacy, an effort to change policy and practice at the local, state, national, or international level. The overarching idea is to advocate for the needs of our communities within the broad framework of socioeconomic justice, inclusion, diversity, and human rights.

This level of advocacy is distinct from advocacy on behalf of an individual person. To quote UN Women, a branch of the United Nations committed to gender equality:

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*While systems advocacy works to improve the system to the benefit of individuals, it is a long-term approach to problem solving requiring sustained effort.*

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We have narrowed our advocacy work down to four issues that are important to many of our employees and members:

1. workforce housing,
2. wages and benefits,
3. food security, and
4. defining local.

We have chosen the issues above because they are highly interrelated and support End Eight: People can't find jobs without housing. People can't afford housing without decent wages and benefits. A decent wage is key to food security, or knowing where the next meal is coming from. And when that meal is sourced locally, which we believe is vital to the economy of a community, it's important to define what local really means.

## FINAL THOUGHTS

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It's important to remember that this Ends Report is only a portion of the programs, initiatives, and metrics we have in place to support the Co-op Ends. Just as the Ends are aspirational, so are the many programs in place for attaining them.

None of this would be possible without the work of our members, board members, and employees. Our thanks to all of you for making 2018 another successful year.

**NOURISH. CULTIVATE. COOPERATE.**