



# 2015 **Ends Report**

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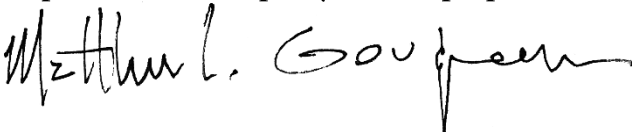
January 19, 2016

**Policy Type:** Ends

**Policy Titles:** E: **Global End**  
E1: **Economic Vitality**  
E2: **Outreach & Education**  
E3: **Owner Engagement**  
E4: **Wellness**  
E5: **Community Leadership**  
E6: **Local Emphasis**  
E7: **Environmental Stewardship**  
E8: **Model Workplace**  
E9: **Food**

Last Revised: February 17, 2015

**I report compliance with each policy. For the purposes of this report**

**Signed:**  , General Manager

**Date:** 1 / 19 / 2016

## Global End

The actions of the Marquette Food Co-op provide access to local, organic, and wholesome products, and the benefits of a healthy, diverse, educated, and sustainable community.

**Interpretation/Operational Definition:** The MFC makes available local, organic, and wholesome products. It also promotes healthy living to anyone, educates about food and related issues, and endeavors to exemplify sustainable practices.

**Data:** This policy proscribes broad criteria of product attributes and for whom these products are made available. It stipulates that we educate about these criteria and products. It also requires that we, as a business, take measures to not simply use less resources but to also re-use resources, return resources, and generate new resources as we operate.

By operating a consumer cooperative, the MFC liberally provides the kinds of products described in this policy. At any given time, 60% of the products in the store are organic. Local food purchases equate 8% of store product sold. There are tens of thousands of items in the store.

The MFC has been twice recognized, once locally, by the Marquette Beautification Committee and once at the state level, by the Governor's Office, for our efforts to conserve energy and re-use resources through the energy efficiency measures and gray water systems built into our new facility. We were presented the 2015 Marquette Beautification Committee's Green Award and the inaugural Governor's Award For Energy Excellence.

The MFC has robust educational offerings for both members of the cooperative and the public. We partner with other agencies and spread the word about good food across the U.P. We have worked at the national level of food safety protocols for small farms.

More detail about how the MFC is structured, functions, and responds to member need is detailed in the rest of this report in the following policies and their interpretations.

## E1: Economic Vitality

The MFC uses the cooperative business model, primarily through a retail storefront, as a component of a robust local economy.

**Interpretation/Operational Definition:** The MFC shall remain economically viable while maintaining a cooperative organization and structure. Further, we positively impact our local economy through our payroll and purchases of as many local services and products as makes good sense.

**Data:** By definition, a cooperative exists to serve the needs of its members. A cooperative is also financed, in part, by member dollars. At the end of 2015, 23.2% of the assets of the MFC were held by direct member investment dollars; \$495,278.00 in member shares and \$382,000.00 in preferred shares. There are to date, \$85,000.00 of additional preferred shares yet held in escrow at range Bank not accounted here. The MFC is structured cooperatively from its corporate documents and bylaws to its representative board of directors elected from the membership.

In 2015, total sales revenue at the MFC literally fell a few dollars shy of \$8 million. The MFC continues on its path to recovery from the expansion. The following represents how dollars were spent locally on goods and services and their percent of total revenue:

- \$1,716,325.00 or 21.4% back to the community in wages and salaries to employees.
- \$119,148.00 or 1.4% was paid out in benefits to employees.
- \$526,336.00 or 6.5% of local food and goods.
- \$9,133.00 or .01% for professional services.
- \$59,032.00 or .07% of insurance through a local agency.
- \$25,299.00 or .03% for cleaning and maintenance.
- \$61,772.00 or .07% for utilities & garbage removal.
- \$39,405.00 or 0.4% for local property taxes.
- \$89,030.00 or 1.1% on local advertising and media.
- \$4,668.00 in local donations.

For a grand total of \$2,650,148.00 or 33.1% of total revenue spent locally or within our community. It is held that for every dollar spent locally, 45 cents of that dollar is reinvested locally. This is known as the local multiplier effect.

## E2: Outreach and Education

MFC uses multi-faceted approaches to proactively engage our community and promote cooperative principles and support the operations of the store.

**Interpretation/Operational Definition:** The MFC shall offer a variety of educational opportunities for both members and the public. These educational offerings shall exemplify and be guided by the cooperative principles and will generally focus on food and related issues as they pertain to MFC policies, practices, and member need.

### **Data:**

#### Classes

2015 was the first full year of offering classes in our teaching kitchen. There were 45 food demonstrations and cooking classes in 2015 compared to only 26 the year prior. Four of those classes were offered in Escanaba. Attendance figures increased from 321 to 600 people in the same time period. We held 3 workshops in 2015 with attendance of 59 people, an increase of 26 over the previous year. In the past, cooking classes were, at best, break-even events. In 2015 they began to turn a profit. 2015 marked the first year we hosted a school group for a multi-session cooking class. For five weeks the Immerse Homeschool Group (ages 7-13) learned about nutrition and health in addition to hands on cooking techniques. The curriculum for this class is ready for other school groups. Also new last year was corporate cooking classes as a means of corporate team building or holiday celebrations. Three of these corporate events happened and each was successful.

The MFC was awarded its first grant for our cooking classes from the Michigan Department of Agriculture and Rural Development. The \$21,806.00 grant is intended for three different projects. We will offer free cooking classes

at the Co-op, the Downtown Farmers Market, and at Lake Superior Youth Village. The classes will focus on creating meals using a variety of fresh and locally or Michigan grown produce.

#### Farm to School

We have hosted the Farm to School committee for some years now. There are too many individual teachers, parents, and community members to list that are involved in the Farm to School Committee but the list of organizations we work with on this initiative include: MAPS, Gwinn Schools, NICE Schools, Superior Watershed Partnership, Blue Cross/ Blue Shield, NMU Dining & Catering, MSU Extension, Superior Beekeeping Club, UP Health Systems, CUPPAD, NRCS, and MARESA. This initiative lifted off the launch pad in three ways this past year. Gwinn Schools, NICE, and MAPS participated in the Michigan Apple Crunch Day, MAPS began using the UPFE Online Marketplace for orders and increased their purchases with the goal of annual increases moving forward, and NICE Schools ordered from local farms for the first time ever.

#### Farm to School Fundraiser

We are poised to be the direct organizer for this Central Upper Peninsula Farm to School fundraising program where students raise money for their schools selling farm products. Through the U.P. Food Exchange platform and program templates developed by us, schools will be able to work with us instead of downstate organizers. This will allow for easy communication and the participating schools will keep more money.

#### Tabling & Presentations:

Additionally, MFC Outreach staff tabled at events or gave presentations to over 3,100 people. 62 people attended our Get to Know Your Co-op class. Promotional events including the Farm Tours and Farm Tour Dinner, The Culinary Journey, and Snacking With the Spirits (at the Regional History Center) found us in front of 832 people. At every class, event, or workshop the MFC is promoted by our staff or is at the center of the event itself.

#### Hoop House:

This was our last year of operating the NMU Hoop House. Hoop house operations have been handed over to NMU. In all 648 people attended hoop house programs and tours.

## E3: Owner Engagement

MFC maintains connection and relevance to its owners and encourages them to take an active role in order to sustain the cooperative.

**Interpretation/Operational Definition:** The MFC maintains open communication with its owners and encourages and seeks their input.

**Data:** We have an ongoing and robust Customer Suggestion system. On average we receive 7-10 suggestions, compliments, or complaints per week. Each suggestion is routed to the best person to respond and the customer is contacted if they desire. All comments are recorded into a spreadsheet system for official record of the comment and our response.

We gave a comprehensive survey to members and customers during the summer of 2015. The board was given these survey results. More than 700 respondents gave us valuable insight into the continued needs of our members and shoppers.

As part of our Operational Strategic Plan we held two member focus groups this past fall/early winter. The purpose of the focus groups was to assess member input relative to the functionality of the new store a year after opening. We also hosted four different dot surveys in the store where shoppers answered a short survey by sticking a dot under their choice of answer to a question on a board in the store.

Finally, the MFC Board of Directors regularly surveys the members via the MFC website.

## E4: Wellness

MFC promotes health and wellness in our community through the principles of eating good food, staying connected, being active, and rest.

**Interpretation/Operational Definition:** The MFC supports healthy living and a balanced approach to wellness that takes into account both mind and body.

**Data:** The MFC has promoted health and wellness since its inception in 1971. We were formed by people who sought good food in order to be healthy and well. Since then, the MFC has positioned itself as the premiere health and wellness retailer in the area. The following provides a look at how we do this:

- We are a one stop shop for everything from healthy foods to our own brand of vitamins and supplements with a knowledgeable staff to help answer customer questions.
- We have an Outreach Dept to spread the word about our products and teach people to use them.
- Natasha Lantz chairs the ACHIEVE Community Wellness Committee that works on and implements community wide health initiatives focused on food and exercise.
- We work with schools to implement fundraising activities that sell farm products instead of candy.
- We make food donations to events that promote active lifestyles like the Kicks For Kids 5k race, the Iron Range Roll race, and the Marquette Trail Running Club races.

- We have information tables at events like the Belly to Baby Expo geared toward healthy living for moms and babies.
- We offer hands on cooking classes that help people connect with not only food but also each other.
- We provide a breast feeding/pumping room for nursing mothers and offer staff benefits like giving discounts on vitamin C and other cold/flu remedies, paid sick time, discounted gym memberships, , and give free discounted produce to staff in the staff break room.
- We are in discussions with UP Health Plan regarding how to connect MFC healthy lifestyle education with the UPHP's 50,000 members.

## E5: Community Leadership

MFC takes a collaborative leadership approach to positively impact our community.

**Interpretation/Operational definition:** The MFC does good work in our community through partnering with other agencies and businesses.

**Data:** The MFC is a willing community partner and leads through service to other people and agencies. What follows is a list of initiatives, partner agencies, and our role in working with them.

- UP Food Exchange:
  - MSU Extension, Western UP Health Department, and Sault Tribe of Chippewa Indians-
    - Central UP Food Policy Committee- we chair this committee that looks at ways to encourage the development of local policy that favors local food production and supports the UP's ability to provide for its own food needs. Partners include MSUE, city, township, county planners, and citizens.
    - Central Upper Peninsula Farm to School Committee- Please see data for E2, Outreach & Education
    - Coordination of the Online Marketplace, website, and Plowshare Newsletter.
- Hoop Houses for Health:
  - YMCA, Downtown Farmers Market, Michigan Farmers Market Association, AMCAB, and MSU
    - We convened partners in order to formulate a sustainable system that encourages coupon redemption by families eligible to receive food through the program.
- NMU Hoop House:
  - Northern Initiatives, NMU College of Professional Studies, NMU student groups
    - We provided management and maintenance at this educational site.
- ACHIEVE:
  - YMCA, Marquette County Health Dept., NMU, Cliffs Natural resources, AMCAB, MSUE, UPHEC, BC/BS, and the Sault tribe.
  - We have been active partners in the development and maintenance of this coalition since 2010. We have representation on the full committee and chair the Community Wellness Committee.

- MSU Extension UPREC Advisory Council:
  - Natasha Lantz sits on the council which advises the UPREC Director about current and future programming needs of U.P. citizens and farmers.

General Manager, Matt Gougeon currently sits as the president of the board of the Marquette Chamber of Commerce. Communications & Marketing Director, Natasha Lantz, sits on the board of Michigan Food and Farming Systems and the Michigan Good Food Steering Committee.

The MFC continues to be a leader in farm food safety in the U.P. by working with the farmers who supply our store as well as farmers around the U.P. who are connected to UPFE. Through UPFE, the MFC provides yearly food safety training and coordinates USDA GAP/GHP certification for interested farms. Our Co-op assists MFC suppliers with production planning and makes annual educational visits to each farm to help them stay current with food safety best practices. Natasha Lantz and MFC Board Member, Phil Britton, co-chair the MI GroupGAP Development Team. This group is creating a state wide, collaborative food safety system. The MFC remains part of the USDA/Wallace Center GroupGAP Community of Practice which is an extension of the GroupGAP Pilot Study work that we were part of in 2014-2015.

## E6: Local Emphasis

MFC gives preference to local products and services that align with operational principles.

**Interpretation/Operational Definition:** The MFC purchases products and services locally that support store policy and make good business sense.

**Data:** *Please see the data from E1 Economic vitality for financial figures relative to purchases of local product and services.*

The MFC gives preference to local product by:

- Reducing our margin on what is generally a more expensive purchase in order to help it be price competitive with national competitors
- Giving prominent shelf space to it and lots of promotional visibility. The word “local” is prominent in store marketing
- Facilitating, designing, and then training food safety protocols to suppliers
- Integrating local food into our cooking classes
- Hosting farm tours for the last ten years
- Hosting a farm tour dinner
- Continued development and management of the UP Food Exchange and Online Marketplace
- Convening the Central UP Food Policy Committee and the central U.P. Farm to School Committee
- Opening new institutional markets to growers
- Serving as an aggregation site for U.P. farm products



- Developing distribution opportunities for local food
- Keeping local in the media spotlight
- Remaining patient

The MFC gives preference to local services by:

- Choosing local service providers over national or multi-national providers unless it is clearly price prohibitive to do so.

Through the NCG, we have a common purchasing contract with a variety of national vendors for paper products, containers, displays, etc. These cooperative contracts keep costs low and we don't seek local vendors for these supplies. But we purchase services like cleaning (Spiffy Clean), general maintenance (Tim Wadsworth), accounting (Pat Thompson), legal (Michelle Halley), and financial services (Range Bank) locally. Our insurance is purchased through a local agency (VAST), and our garbage hauler (Northcountry Disposal) is also local.

## E7: Environmental Stewardship

MFC strives to conduct its operations in an environmentally conscious manner.

**Interpretation/Operational Definition:** The MFC will keep a light environmental impact "top of mind" while operating.

**Data:** In 2013 the MFC Board of Directors made policy that stated when the cost of including energy efficiency solutions in our new building plans was within 10% or less than *not* including them, the General Manager was directed to opt for the energy saving solution. Our building has two gray water systems, LED lighting on timers and motion detectors, reclaimed waste heat from compressors, and proper insulation. We also make use of green space to absorb parking lot run off. Over all, compared to our old location we have realized a net decrease in energy usage. In 2015, as previously noted, the MFC received two awards recognizing our efforts at reducing our environmental impacts. The Marquette Beautification Committee presented us their Green Award and the Governor's office for the State of Michigan gave us their first ever Award For Energy Excellence.

Food waste is also minimized at the MFC. All waste from our Produce Department is given to local farmers as compost. Outdated product that is no longer sellable but yet edible is directed to staff. Day old bakery items are taken across the street and donated to the Room At The Inn warming shelter. Food scraps and paper waste from customers in our cafe that make it into our waste stream are slated for a future composting program. We are partnering with Northcountry Disposal and the Marquette County Landfill Authority on a compost program whereby our scraps will become useful soil amendment. This project will see further development in 2016. In conjunction with this, a comprehensive in-store recycling program will be implemented whereby food containers and plastics will be removed from the waste stream generated by the café.

Additionally, we use 100% post recycled office paper, allow shoppers to opt out of printed receipts at the register, and offer our newsletter to recipients electronically.

## E8: Model Workplace

MFC fosters a workplace in which there is a professional culture of mutual support and open communication, while balancing personal and organizational needs.

**Interpretation/Operational Definition:** The MFC is a good place to work. There exists a culture of professional respect among employees and open lines of communication. Employee compensation and benefits are weighed against operational capacity.

**Data: Communication-** Store Administration and Management communicate with staff via meetings, memos, postings, emails, and the staff newsletter. Additionally, all departments have a communication log or board where important information is placed for store and department specific information. Annually, staff receive an Employee Satisfaction Survey and a Benefits Survey as a means of gauging staff preferences and interests in their work life. (*See survey results*). Survey results corroborate that the MFC is a good place to work. Staff may also communicate with Administration via the Cooperative Collaboration (CC). The CC consists of staff elected representatives that serve as an advisory group to management and administration relative to employee work environment and response to store policy and procedure. Additionally, the General Manager, has an “open door” policy and will meet with staff at almost any reasonable request.

Additionally, the MFC Grow Teams, charged with determining the focus of work for implementing the Marketing Plan portion of our Operational Strategic Plan have allowed for collaborative store wide communication and staff engagement in activities that directly affect operations. The Grow teams may consist of a mix of upper management, management, and staff working together to identify areas needing improvement and solutions to make them stronger.

**Work Place Safety-** 2015 saw the completion of the MFC Safety and Emergency Plan. The plan includes all necessary information for management and staff to work safely within our facility. It outlines emergency procedures and defines roles for employees in such instances. It includes safety policies and procedures for departmental use. The Plan culminated in Safety Week during the year in which the contents of the plan were delivered to staff and a variety of in-store activities and trainings were held such as “Back School”, which taught proper lifting techniques and a visit from the Marquette Fire Department who taught a course in hands on fire extinguisher use. The Michigan Occupational Health and Safety Administration audited our store and plan giving us their approval of its contents and value.

**Compensation & Benefits-** During 2015 and in response to staff input and pending changes to state and federal minimum wage laws, the MFC re-vamped its salary and wage schedule. The board of the MFC received all documents pertaining to these changes with the regular L3 Wages & Compensation report. But I include herein the new MFC compensation philosophy as it reflects what this E8 policy embodies:

*The MFC compensation philosophy allows for wages and benefits that are meaningful, clearly communicated through an effective administration system, and include special benefits that make us distinctive as an organization.*

*MFC strives to pay competitive wages for staff who have achieved full competency, and allow for pay ranges that reflect responsibilities, specialized skills, and pay increases that reward longevity and performance. Our wage schedule provides guidelines so that compensation decisions can be made with confidence and consistency.*

*Our goal is to meet or exceed the mean wages, paid by position, as determined by the US Bureau of Labor and Statistics for the Upper Peninsula of Michigan. All pay decisions are balanced against organizational need and capacity.*

The list of employee benefits at the MFC follows:

### **Upon employment**

- Both full-time and part-time employees:
  - 20% discount on most grocery items excluding beer, wine and deli items
  - 10% discount on beer, wine and deli items
  - Cost plus 10% on UNFI catalog special orders
  - Employee pricing plus 10% on sale flyer special orders
  - Complimentary foot massages and wellness sessions(monthly drawings)
  - Attend Outreach events for free
  - Free and discounted past dated items throughout the store
  - Anytime Fitness membership discount - \$35 per month for 12 month contract
  - Transportation Benefit for bicyclists and public transit commuters
  - Employee Assistance Program with Northstar

### **Upon completion of 90 day training period**

- Full-time employees:
  - Flexible Spending Account (FSA): \$500/year, November-October
  - Paid Time Off (PTO): Based on accrual system (Accrual Rate per Hour: .0192)
  - Assurant Vision Insurance with available buy up options for self and dependents
  - Assurant Dental Insurance available for purchase
  - BCBS health Insurance, MFC pays 65-80% of premium cost, employee pays remainder
  - Aflac Supplemental Insurance available for purchase
  - Bereavement leave, 2 paid days to attend funeral of close relative
- Part-time employees:
  - Flexible Spending Account (FSA): \$300/year, November-October
  - Paid Time Off (PTO): Based on accrual system (Accrual Rate per Hour: .0192)
  - Assurant Vision Insurance with available buy up options for self and dependents
  - Assurant Dental Insurance available for purchase
  - Aflac Supplemental Insurance available for purchase
  - Bereavement leave, 2 paid days to attend funeral of close relative

## Upon 1 Year of employment

- Both full-time and part-time employees:
  - PTO accrual rate increases to .0385 per hour
  - Life and Accidental Death enrollment available
  - FMLA eligibility

## E9: Food

The MFC provides access to local, organic, wholesome, and fairly traded food and products.

**Interpretation/Operational Definition:** The MFC seeks and purchases local, organic, wholesome, and fairly traded products as a significant part of a dynamic product mix. We establish mechanisms and means by which people may access these foods and products.

**Data:** The MFC is open 361 days a year, for 13 hours per day. We transact in cash, check, credit, debit, and EBT. We give away a piece of organic fruit or a vegetable to shoppers every single day. Members and shoppers are allowed to special order product by the case. The MFC has several regular promotion programs currently running that bring reduced pricing to members and shoppers

- Co-op Deals which is a bi-weekly NCG manufacturer rebate program
- TPR's (temporary price reduction) from UNFI which serve as our Owner Buys program
- New Items which mostly generate from UNFI and highlight new product
- Coop Basics, an NCG generated program serving as an Everyday Low Price promotion providing deeply discounted product throughout the store
  - This promotion is largely identified by the Field Day label which is 98% USDA Certified Organic.

SPINS is an organic and specialty product grocery analytics company that we use to track sales data of products we sell. Using SPINS data and our own internal data we find that in the 52 week period ending November 29, 2015, 59% of product sold in the store was 70-100% organic. This product accounted for 60.2% of total store revenue attributed to food sales.

Local food may be regularly purchased at the store year round. Through the UP Food Exchange's Online Marketplace, local food is purchased by MFC and other institutions like schools, hospitals, restaurants, and universities throughout the U.P. \$11,726 of sales passed through UPFE's Online Marketplace from local farms to non-Co-op wholesale customers. The UP Food Exchange was also the vendor supplying local products for two Farm to School Fundraising campaigns. Students were responsible for selling products to community members and a percentage of the sales went to fund educational opportunities and materials at those schools. Between the two campaigns, students raised about \$7,500.

The MFC contracts with two main suppliers, United Natural Foods International (UNFI) and Co-op Partners Warehouse (CPW). UNFI is the nation's largest wholesaler of organic and natural foods for the grocery industry. CPW is an off shoot of the Wedge Co-op in Minnesota and provides us with organic and fair trade produce. We are

CPW's largest single customer- which is saying something as they serve all the twin cities co-ops as well. There are more than a hundred other independent vendors throughout the store.

Because of our membership in the National Cooperative Grocers, we share a common UNFI purchasing contract with 140 other member co-ops. This contract gives us markedly reduced costs on product than if we were an independent store. These cost savings are passed along to our shoppers. Product from UNFI accounts for about 60% of product on the shelf. We remain the area's single largest "one stop" purveyor of local, organic, wholesome, and fairly traded foods and products.

## **Summary**

The MFC continues to be integral to the fabric of this community. We contribute to the local economy. We build community around food. We provide access to good food. We educate about food. We provide a good solid place to work. We are careful with our resources and tread as lightly as we can within our space.

In all of this, we are inclusive of everyone who wants to be involved with this cooperative and abide by our bylaws. With our bylaws and policies defining our actions and the Cooperative Principles guiding our decision making. The results of our work are felt in the smiles of members and shoppers, in our good influence throughout the U.P., and in the heft of a piece of free fruit in a child's hand.

## **Addendum**

IT 2015 Year End Review by Evan Zimmermann

After settling into our new store and ensuring our new systems were stable, 2015 was a year of expanding into new areas, launching new systems, and most of all, boosting our security.

The biggest project of the year was ensuring we were compliant with the current Payment Card Industry Digital Security Standards (PCI DSS 3.1). To do this, we remade our network, moving all of our payment-related systems into a secure section that only allows limited services and communication with the outside world. We conducted an audit of software on our systems and plugged all the potential vulnerabilities we could find on every store network. We began the process of conducting regular security audits and penetration tests. We set up plans for responding to security issues and had all staff sign off on acceptable use policies. This will ensure the safety of our operations in the coming years, and we have been able to share this with other businesses and co-ops to build important partnerships. We reached out to other co-ops as well, helping the Mariposa Co-op move all their data to an entirely new point of sale system and gained insight into how other co-ops operate.

Kim Sheridan began her role as the Point of Sale Coordinator. We set up new programs and processes to streamline the flow of data into our systems. We created new spreadsheets and other tools to ensure accurate data. We implemented ePLUM for scale management for all Prepared Foods scales, which will soon extend to the rest of the store. By this point, all of our systems have the ability to communicate with each other and validate data. This sets us

up to use 2016 to connect all these systems even more and automate more areas of data entry for better tracking and accuracy.

To provide the Board of Directors stipend and fund employee credit accounts, we created a new system to manage and track store credit. This will allow us to expand in the future to more convenient payments and account tracking for other customers as well.

We created new software to create custom reports for buyers, monitor sales of tickets, and track other item movements in the store. We created new receiving software and report processing programs to help receivers find mispicks and missing items. These are accessible across our multiple networks to allow employees to access necessary data securely outside the hardened network for point of sale data. We created an interactive Farm Directory that will be the foundation for future co-op software.

We maintained and updated our existing software systems, adding new features to the new products worksheet, the voting system, the October discount system, and others. All our web services were updated to the latest security standards and guarded against new viruses and encryption flaws which came up during the year.

We had no major problems or outages throughout the year. Thanks to help from ECRS, Compudyne, and everyone at the store, we had a very successful year. Even when we lost power or Internet access, we were able to implement backup systems and procedures to continue business as usual. I'm looking forward to building on what we've created so far and making 2016 even better.