

2019 Annual Report



2019: A Year of Planning & Transition



by Amina Rahman, External
Development Manager & Co-Manager

The Landscape is Challenging, but We're Hopeful

This last year has brought many challenges – some familiar, some historically unprecedented – to the cooperative landscape. Like many other co-ops, People's has been struggling with declining sales, high turnover, and difficulty reaching new and diverse customers. It gets more and more difficult to stay afloat as a small grocery cooperative in a highly competitive market like Portland. Our friends and cooperators at Food Front, who opened the same year we did in 1970, had to make the difficult decision to close their Hillsdale store in 2019.

At People's, our sales growth was negative in 2019, and our turnover rate was similar to 2018. It gets more and more difficult to stay afloat as a small grocery cooperative in a highly competitive market; our friends and cooperators at Food Front, who opened the same year we did in 1970, had to make the difficult decision to close their Hillsdale store.

Despite the numerous challenges, however, we also have reasons to be optimistic. For the first time since 2016, we ended 2019 with positive net income (see page 8). The Collective Management also approved a Multi-Year Business Plan for the Co-op, culminating

from several years of research and engagement about how to keep our beloved community food resource around for years to come (see page 3).

As we celebrate our 50th year of business, the Collective Management's work in 2020 is focused on stabilizing the co-op and building our profitability and sales. With COVID-19 reaching our local community and impacting global food systems in ways we are just beginning to understand, our work of "feeding the revolution" will be even more complex than we projected.

Working Together for the World We Want

The global pandemic has confirmed some of our worst fears about our current system's inability to ensure the safety or wellbeing of our communities. Healthy food is a fundamental human right and yet we have to live and work in a system that makes it scarce. That's one reason why a lot of us turned to cooperatives in the first place: to build systems of exchange that center community and collaboration – with workers, growers, consumers alike – rather than profits for the ruling class. Because of these values, People's was able to act quickly when the pandemic hit this spring and make significant operational changes to protect our staff, customers and vendors while staying open. It has certainly been challenging work to run an essential business during a pandemic, but in many ways it has reaffirmed that how we do things deeply matters.

It is unclear what stabilizing the Co-op means going forward, when so much is emergent and we have real reasons to not want things to "go back to normal." What is clear, however, is that our work is more important than ever: to provide food to the people that they can trust, to build democracy in our workplaces, and to work collaboratively towards social and economic justice. We hope you continue to support this work by shopping at People's and co-creating the People's Food Co-op with us.

Getting Down to Business: Say Hello to the Multi-Year Business Plan



by Ashley Todd, Collective Manager

People's has gone through many changes during our 50 years of business: we have changed what we sell, bought our building, gone through various management structures, became a formal cooperative in 2000, and expanded our building. The challenges we've faced in the last 5-10 years – the natural foods industry being dominated by huge retailers like Walmart, Whole Foods, and New Seasons, declining sales and growth in our membership, and difficulty operating in a small building that we can't expand anymore, to name a few – have required us to be more creative in our thinking about how to keep the co-op viable in the long-term.

After conducting several years of market & industry research, community engagement, and financial analysis, the Collective Management decided in 2018 to adopt a slate of 1-5 year projects intended to ensure the ongoing health and viability of the Co-op. These projects include: updating & improving our current space, establishing a prepared food program, and eventually opening a second retail store.

The Long-term Planning Committee, a committee of the Collective Management, then wrote a Multi-Year Business Plan for the co-op

that would guide the Collective towards these goals. The Collective Management consented to the plan in late 2019 and began implementation in 2020.

For the next 5 years, the Business Plan outlines 3 phases of development for the co-op:

Stabilizing Operations: Improving & streamlining our operations to be more efficient, increasing our sales and building our profitability, updating our product selection to match what our customers want, and re-working our retail & backstock spaces in our building to be more safe, accessible and efficient.

Increasing Capacity: Collaborating with other co-ops in joint ventures and projects to build the cooperative market share in Portland and mutually benefit our businesses, partnering with food businesses & organizations who share our values, and acquiring additional food storage and warehousing space.

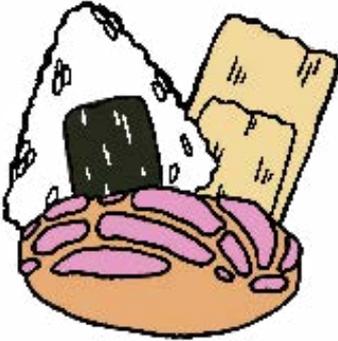
Growth: Establishing a prepared foods venture, and adding additional retail space by opening a second location.

While the plan is designed to be flexible to accommodate emergent needs and opportunities, each project does include a rough timeline, financial and operational benchmarks, staffing and community engagement considerations, and resources for further research to help the CM stay on track. Individual teams and departments have already begun strategizing around and implementation of goals in the plan for 2020, and the Root Building Revival working group has completed a couple projects to make our store more functional and attractive. Although much of this work has been put on hold due to the pandemic, the groundwork for ongoing improvements to our space and operations has been laid.

When the time comes to move into larger development projects like opening a second store, the Collective Management will be reach out to Member-Owners for further input to help guide our planning. In the meantime, Member-Owners are welcome to send leads and other thoughts to Amina, External Development Manager at amina@peoples.coop.

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**local farmers
supported at the
Farmers' Market**



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**local food vendors
supported at the
Farmers' Market**

\$20,120 distributed to
**our community via SNAP Match
& Double Up Food Bucks at the
Farmers' Market**

Since 2016, People's Farmers' Market has worked with local partners and community members to give up to \$10 in matching funds to folks using an EBT card at the Farmers' Market. In 2019, People's SNAP Match Program was mostly funded by the Co-op and our community (when we're not doing an active fundraiser, you can round up your total at the register for SNAP Match!).

\$12,136 given out in Food For All discounts

People's Food For All program works to make our food more accessible by offering a 5% discount to Member-Owners who could use it. To apply for the Food For All program, talk to a cashier – no proof of income required.

\$4,958 donated to local organizations by the Co-op

Organizations the Co-op supported in 2019 with our donations program include: Brown Girl Rise, Tender Table, Clinton Street Theater's Resistance Series, Burgerville Workers' Union, KBOO, Learning Gardens Lab, the Portland Fermentation Festival, and more.

\$4,386 raised by our community for organizations aligned with our Ends

Through our register fundraisers, our community members rounded their grocery totals up to the next dollar (or more!) for organizations throughout the year. **In May, our community raised \$2311 for National Bail Out**, which is a Black-led, Black-centered collective of abolitionist organizers, lawyers, and activists coordinating bailouts of incarcerated Black mothers and caregivers so that they can be with their families (learn more at nationalbailout.org). **In November, our community raised \$1118 for the Native American Youth and Family Center (NAYA – nayapdx.org), and \$958 for the Native American Rehabilitation Association (NARA – naranorthwest.org).**

2019 by the Numbers



by Rachel Markley, Finance Coordinator &
Amina Rahman, External Development Manager

For the last several years, co-ops across the country have struggled to create positive sales growth, hitting a 5-year low in the industry in 2018. People's has not been immune to this trend. We own and operate a small store in a highly competitive market in Portland and have been experiencing declining sales since 2016 (although we had positive sales growth in 2017). In 2018, the Co-op achieved a net income of -\$70,615.¹ We attributed this loss to two factors: fewer customers came in and spent less, so our 2018 sales growth was -3.2% from 2017; we also spent \$58,714 in long-term planning expenses and research in 2018.

Unfortunately, in 2019 we suffered an even bigger hit in sales: we sold -5.4% fewer groceries in 2019 than in 2018. Most quarters averaged -8% sales growth (with the exception of Q4, October-December, where we achieved +3.1% sales growth). The good news is that, for the first time since 2016, we ended the year with a positive net income of \$37,233, due to efficient labor and tighter spending. Planned efficiencies in our labor budgets included contracting out certain financial management work, and finishing our Multi-year Business Plan. Unplanned "efficiencies" included another year of high turnover and some positions remaining unfilled for large parts of the year. We also spent far less on long-term planning in 2019.

¹This number is significantly more negative than what was inaccurately reported in the 2018 Annual Report and has been reviewed by external auditors.

In 2020, the Collective Management is tasked with stabilizing operations as part of Phase 1 of our Business Plan (see page 3). We will be working to increase basket size and customer counts through marketing and promotional strategies, and increasing efficiency in labor and other expenses. Of course, this work will likely have to look different as we navigate the pandemic. Member-Owners can support the work to stabilize the Co-op and ensure its long-term viability by continuing to shop here. We are lucky to own our building and have a solid equity positioning from 50 years of investment. Selling groceries continues to be our most urgent need.

Our Profit and Loss table is below and the Balance Sheet is on the following page. The Profit and Loss table shows the Co-op's operating income and expenses incurred. The Balance Sheet is an end-of-year snapshot of the Co-op's assets (what we own), liabilities (what we owe), and equity (what we have invested).

Profit & Loss

		2018	2019
income	Sales	\$5,500,989	\$5,199,986
	Other Income	-\$18,085	\$28,424
expenses	Cost of Goods	\$3,506,567	\$3,361,797
	Labor	\$1,444,627	\$1,268,780
	Operating Expenses	\$606,325	\$556,365
	Income Taxes	\$4,000	-\$4,235
	Net Profit/Loss	-\$70,615	\$37,233

Balance Sheet

Assets	2018	2019
Cash	\$854,579	\$991,700
Inventory	\$198,245	\$240,974
Other Current Assets	\$76,730	\$18,362
Equipment	\$371,256	\$372,106
Land & Building	\$927,504	\$927,504
Accumulated Depreciation	-\$628,283	-\$683,117
Other Assets	\$116,557	\$115,932
Total Assets	\$1,916,588	\$1,983,461
Liabilities	2018	2019
Accounts Payable	\$125,153	\$103,472
Patronage Dividends Payable	\$38,109	\$68,675
Other Current Liabilities	\$71,446	\$68,788
Long-Term Liabilities	\$0	\$0
Total Liabilities	\$234,708	\$240,934
Equity	2018	2019
PeopleShares (Member-Owner Equity)	\$1,041,399	\$1,095,379
Retained Patronage Dividends	\$500,736	\$500,736
Earnings from Current Year	-\$70,615	\$37,233
Patronage Dividends Payable from Previous Year	\$0	-\$30,566
Retained Earnings	\$210,359	\$139,745
Total Equity	\$1,681,880	\$1,742,527

A PASSIONATE
COMMUNITY
WORKING TOGETHER

for **SUSTAINABILITY,**

PROGRESSIVE *Land & Animal* STEWARDSHIP

HUMAN RIGHTS, SOCIAL & ECONOMIC JUSTICE

THRIVING **COOPERATIVE LOCAL ECONOMIES.**

A SAFE Welcoming **COMMUNITY**

WHERE **ALL** ARE VALUED.

..... **A**
DEMOCRATIC WORKPLACE

WHERE ALL *Voices* **ARE VALUED.**
WORKERS

ACCESS TO HEALTHFUL FOODS

OUR CUSTOMERS CAN
TRUST.

