

Neighborhood Co-op Grocery  
2013  
**Annual Report**

& 2014 Annual Meeting and Voting Announcement

*annus renuntio*

**ORGANIC HEIRLOOM**

Packed full of bold flavors and good-for-you nutrients, your Co-op specializes in organic, local, natural and fairly traded goods.



Guaranteed to Grow!

**10,388 days since  
GERMINATION!**



## From the General Manager

Francis Murphy  
GENERAL MANAGER



## From the Board of Directors

Mary Avery  
BOARD CHAIR



## What We've Been Working On

**2013** was another good year for Neighborhood Co-op with strong sales growth (8.9%) boosting total sales to close to \$4.8 million. A new weekly sales record was set during Owner Appreciation Weekend in May and then that record was shattered during the week of the Super Sale (aka Tent Sale) in October when sales were over \$128,000. This was the first year that we had a 2-day Super Sale and folks seemed to appreciate the increased opportunity to buy organic and natural foods at deep discounts.

The Co-op's strong sales growth in 2013 was more remarkable because the City of Carbondale and the region as a whole saw declining sales tax revenues indicating that the local economy is continuing to contract. The continued student enrollment drop at SIU means that many millions of dollars are not circulating through the local economy with predictable results. I was asked to join a Carbondale Business Leaders committee that meets monthly with officials from both the University and the City. It is my hope that with greater coordination between these most

important entities that the community as a whole will benefit.

For the last few years, the board and management of the Co-op have been working to create a vision for the future and a robust structure for organizational planning. In late 2010, the board established Ends policies that describe desired outcomes that form the purpose of the Co-op. In 2011, the management team created a vision of success for the year 2020 along with goals and objectives based on the Ends policies and interpretations. Annually, the general manager reports to the Board the progress the Co-op is making towards the Ends. Some of the information contained in that report is highlighted in the accompanying article in this Annual Report.

Board and management spent a good deal of time in 2013 further examining and refining the vision for the Co-op in 2020. The result of this process is that we have prioritized those elements of the vision which are strategically most sound. We use this refined Co-op in 2020 vision as a benchmark to guide our strategic planning. Since there are multiple

opportunities that might ripen and fulfill the vision, we are focusing on areas that will allow us to make smart, fast decisions. The ideas which we are most interested in further exploring are operating a food truck and/or a deli-focused satellite store.

Internally, we spent some time in 2013 learning about Open Book Management (OBM). OBM has a 30 year history of success in a variety of businesses and has about 12 million Google references. This program brings understanding of the business of the Co-op to all of the staff and gives people a common language to talk about what is happening financially. A staff bonus program is tied to the financial literacy component. Several steps were taken in 2013 towards implementation of OBM with formal adoption to take place in early 2014.

We will also do our best in 2014 to continue to earn your trust by conducting the Co-op's business in an ethical fashion and reflecting the values of our owners. Thank you for being part of the Neighborhood Co-op!

## How does our Co-op develop, transform and grow?

We focus on "vision" questions:

- How are we taking into account owner values?
- How are we supporting our mission/goals?
- How are we growing a sense of community?

*Our Mission: We aim to serve the needs of our owners and patrons by providing wholesome foods – economically, in the Cooperative tradition, and in ways that best promote the health of the individual, the community, and the Earth.*

We actually do read – out loud – the Neighborhood Co-op Mission Statement before each board meeting.

These words sum up the importance of "Co-op principles guiding the Co-op," which 77% of owners on the 2013 Owner Survey ranked as most important.

The Owner Survey served as a critical tool in helping all nine board members craft the strategic plan for the Co-op, which helps guide our vision for the future of the store.

One result of the 2013 Owner Survey identified the high degree of importance owners placed on supporting other local businesses. Pursuing this idea led the board to a learning tour of Bloomingfoods Market & Deli Co-op in Bloomington, Indiana. Last summer, Co-op management and board members toured two Bloomingfoods

co-ops, a commissary production facility, farmers' market, and garden center. George Huntington, Bloomingfoods' General Manager, shared his experiences leading the co-op to enhance their community. Some of the problems they solved are not unique to them – and our own co-op can grow and learn from their experience. This tour served as a fine example of how the co-op world can work together toward the success of all.

To help grow community, one of the board's 2013 goals was improving online communication between the Co-op board and owners. The board also brought together our community of owners at free board/owner education and dinner events, which are held prior to monthly board meetings. In 2013, the board hosted two owner connection events when raffles were held during Owner Appreciation Weekends. Owners who voted on their favorite cooperative principle selected "Concern for Community."

We participate in leadership training sessions, integrating into a support network of other co-ops, enabling contacts that assist our work. We have used the resources from National Cooperative Grocers Association and

Cooperative Development Services to improve the culture of our board, enacting our cooperative values to become more effective.

Board members are responsible for current governance while creating a vision of our future. This year we simplified our Ends Policies, making more succinct the statements reflecting our common goals. We continue to enhance and improve our policies, which guide and direct our decisions and reflect owner values.

Strategic governance of the Co-op will enable all of our members to be a part of a growing and sustainable local economy. This board will continue to develop a manual of procedures so that as our Co-op grows we can also reach back and pull forward the best of what was.

Thanks to all of you who make Neighborhood Co-op Grocery possible; whether you attend an education event; a board meeting; take part in our informative and fun raffles; run for the Board; work on a committee; read co-op communications; send questions and comments to us; work at the Co-op; or just shop – we are the board whose mission it is to serve you.

Financial Statement available after March 1 @  
**WWW.NEIGHBORHOOD.COOP**



# Meet the Candidates

## 2014 BOARD ELECTION

**Owners, did you know?** Cooperatives are democratically controlled. Board members represent us. Your vote matters in choosing the path of our Co-op's future success. Voting starts March 1. Go to [www.Neighborhood.Coop](http://www.Neighborhood.Coop).

**It is your right & privilege, please vote!**

See the next page for details on how to cast your ballot.



### James Anderson ★CANDIDATE BY PETITION★

**What about the Neighborhood Co-op's mission are you most passionate about?**

I am passionate about promoting individual, community and ecological health. I want to help better serve people's needs "by providing wholesome foods economically and in the cooperative tradition," as the Co-op's mission states. I want to ensure that quality food produced and exchanged by equitable means remains affordable to patrons. And I'd like to see the Fair Trade program at the Co-op continue to grow. I'd like to strengthen the Democratic Member Control principle. I want to advance economic and workplace democracy, giving those who work at the Co-op a say in policies and decision-making in proportion to the degree to which they are affected by the decisions being made.

**Being a director on a cooperative board is an act of service, first to our owners and less directly to the community. Please describe your experience in serving others.**

As an undergraduate at the University of Illinois in Urbana-Champaign, I literally served food in one of the student dining halls, which introduced me to myriad aspects of food service – both good and bad. I served as Graduate Student Senator on the Student Government Council while working on a Master's degree at the University of Illinois-Springfield.

I am currently the College of Mass Communication and Media Arts Steward for Graduate Assistants United, the union for GAs at SIUC.

Recently, I've covered social movements and activist work for alternative media sites while trying to raise awareness about more just ways of doing things.

**What skills, special interests, or background could you bring to the Board in its role as the governing and vision-casting body of the Co-op?** My graduate research focuses on social movements, alternative media, prefigurative politics, critical theory and political-economy. I can bring my research, analysis, writing and editing skills – plus theoretical knowledge – to the Board. I like to look at the bigger picture, and combine action with theory (praxis), which can aid in long-term vision-casting. I'd like to see the Co-op support local grass roots efforts, as well as the global economía solidaria (solidarity economy) – relations of exchange not dominated by the pursuit of profit – through cooperative networks and horizontal relations.



### Clark Bush ★BOARD NOMINATED★INCUMBENT★

**What about the Neighborhood Co-op's mission are you most passionate about?**

Delivering good wholesome food to our community a reasonable prices with as much as possible purchased locally.

**Being a director on a cooperative board is an act of service, first to our owners and less directly to the community. Please describe your experience in serving others.**

I have served on the Co-op board for the last 2+ years and also serve on the Lakeside Water District board. I have previously served on several other boards of directors of community organizations and local companies.

**What skills, special interests, or background could you bring to the Board in its role as the governing and vision-casting body of the Co-op?**

In 1991, I established a small business, which I've owned and operated successfully since that time. I understand how small businesses work and the challenges that they face. I also have a background in finance. In both my current occupation as a small business owner and my former occupation, I was responsible for planning and preparing strategic plans for the future. I believe that my current and past experience has prepared me for my role as a board member of the Co-op. I have an understanding of the challenges we face and the opportunities that lie ahead of us.



### Kristy Bender ★BOARD NOMINATED★

**What about the Neighborhood Co-op's mission are you most passionate about?**

Right now I am most passionate about "promoting health of individual, community and earth". Although this has always been of interest to me, those words resonate with me even more now that we have two young children and are responsible for both their health and that of the world they will grow up in.

**Being a director on a cooperative board is an act of service, first to our owners and less directly to the community. Please describe your experience in serving others.**

Although we have only lived in Carbondale for 6 years and have been busy working and starting our family, I have found the time to take active role in the community. I served on Green Earth, Inc. board for almost two and half years. During part of my tenure I chaired the education committee, which included representing Green Earth at events held throughout the community and providing educational activities that were engaging while providing a connection and promoting awareness of the organization and it's nature preserves. I have also taught multiple environmental education workshops (Project WET, Wild, and Learning Tree) on a volunteer basis at the request of the Saluki Heritage Interpreters and faculty in the Department of Forestry at SIU. These workshops focus on training formal and non-formal educators, and providing them with the activities and tools they need to use to successfully teach others in the community.

**What skills, special interests, or background could you bring to the Board in its role as the governing and vision-casting body of the Co-op?**

I have a strong environmental education background and am well versed in environmental issues. Having worked as an educator in the environmental field for a number of years I have gained many skills and abilities that would be transferable as a Co-op board member. In particular, one of my strengths is the ability to present a clear vision of the importance the Co-op brings to the community. Connecting with the public and making them aware our mission not only strengthens and grows the Co-op, but the Carbondale community as well.



### Ryan Pankau ★BOARD NOMINATED★INCUMBENT★

**What about the Neighborhood Co-op's mission are you most passionate about?**

I am most passionate about ensuring the southern Illinois community has local, organic and sustainable food choices. My training in the natural resources field has fostered a greater awareness of where our food comes from and how production impacts our natural ecosystems. It has become extremely important to me to make food choices for my family that are more environmentally responsible. By serving on the board of directors, I feel that I would be helping your family and mine by contributing to the Neighborhood Co-op's mission to provide our community with healthy and sustainable foods.

**Being a director on a cooperative board is an act of service, first to our owners and less directly to the community. Please describe your experience in serving others.**

My current job is in public service, working directly with private landowners to develop conservation plans. It is my job to identify landowners' concerns and apply appropriate conservation practices to meet their needs. On an annual basis, i have volunteered for various activities with Food Works, a non-profit organization promoting food system development in the region. For the past 3 years, I have served on the Neighborhood Coop Board of directors. As chairmen of the Boardlink Committee I directly helped facilitate the link between the Board and Coop owners.

**What skills, special interests, or background could you bring to the Board in its role as the governing and vision-casting body of the Co-op?**

I believe good leadership means listening well and objectively weighing all opinions. My background as a small business owner and graduate student has given me valuable experience with a diversity of viewpoints in collaborative settings. As a member of the Southern Illinois Farming Network since its inception, I have had the opportunity to work alongside folks involved in our local food network. I am dedicated to engaging with our community in ways that will have a positive impact on the health of people, the land and the local economy. I would love the opportunity to make a meaningful contribution by continuing to serve on the Neighborhood Co-op Grocery board of directors.

CONTINUED >>>

# Meet the Candidates

## 2013 BOARD ELECTION



### Hanna Podolska ★CANDIDATE BY PETITION★

#### What about the Neighborhood Co-op's mission are you most passionate about?

1. Bringing community together – more and more people feel here in one big family
2. Providing accurate information about healthy products and helping people to make right nutritional choices. After all, they strongly influence their health, stamina and mood.
3. Introducing/selling local products (e.g., food, art, clothing, etc.).

Being a director on a cooperative board is an act of service, first to our owners and less directly to the community.

#### Please describe your experience in serving others.

For more than 12 years, I have been a behavior and cognitive therapist (many of my clients worked in Co-op as volunteers). This experience helps me recognize and fulfill the needs of others. I also worked in International Programs and Services of SIU, serving foreign students, and authorities of foreign universities visiting SIU. This experience gave me the capability to recognize and appreciate the cultural and ethnic so abundant in Carbondale and will hopefully enable me to help in satisfying the needs of these groups. For several years I worked in Kaleidoscope store – this was a good experience in interacting with local patrons, recognizing their interests and wants, and dealing with different problems related to the functioning of the store.

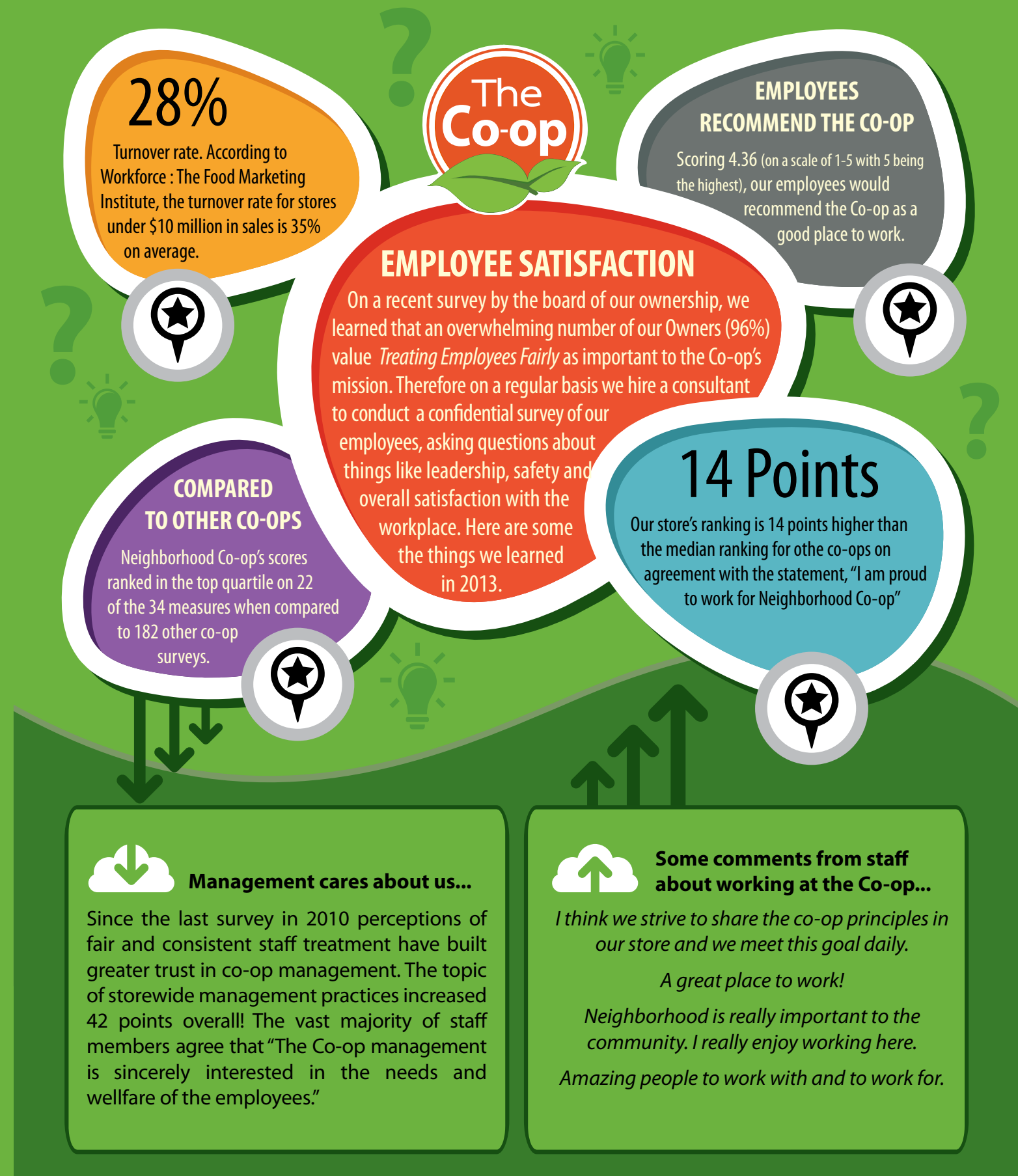
#### What skills, special interests or background could you bring to the Board in its role as the governing and vision-casting body of the Co-op?

- In addition to being a behavior analyst, I am also biologist and have PhD in anthropology. This gives me some expertise in the area of health and nutrition, which is one of the Co-op's goals— bringing the society back to leaving a healthy and productive life. I would be able help make educated choices about relevant innovations.
- I am interested in cooperation between Co-op and local farmers, and in encouragement of organic farming in the area and selling their products through Co-op and Farmer's Markets.
- I find it important to educate the community about why businesses like Co-op are needed and should be expanded.
- I would also like to help making decisions about the expansion of the store to other locations and possibly enriching the assortment of selling goods.
- Education of the community why businesses like Co-op are needed and important for the region.

*Cast your ballot starting March 1 @*  
**WWW.NEIGHBORHOOD.COOP**

Your USERNAME is the primary owner's first name. (The primary owner is the person listed in the "Mail To").  
The PASSWORD is your owner number, which is in the top right of the address area on this mailer.  
**Paper ballots are available on request. Please see a cashier for more information.**

## Happy employees make for happy stores







# How do you cultivate community?

by Jerry Bradley, Outreach and Owner Services Coordinator

What is community? Community is a word that has many different meanings to many different folks. Concern for Community is the 7th Cooperative Principle, which we at the Co-op work hard to put into action.

The Co-op, in fact, began as a true grass roots community venture. It took the coordination of dozens of volunteers who were committed to the concept of good health and good, whole food. From that initial effort, the Co-op was born. Since then, it has continued to grow and has never lost focus on working to find a variety of ways to cultivate community on any number of different levels. When buying a share in the Co-op or just shopping here, there is a lot more that goes on behind the scenes than one might think.

There are many examples to consider.

We have our Wooden Nickels program, which provides funds and helps to raise awareness about local non-profit organizations. Anyone who brings their own shopping bag to the Co-op gets a wooden nickel that they can deposit in one of the bins near the cash registers. Over the past four years, the Co-op has donated more than \$6,000 to mostly local charities, a brief list of which includes Attucks Community Services, Green Earth, Cache Creek Animal Rescue and the Poshard Foundation for Abused Children.

We work with many different orga-

nizations throughout the year. We have a very good relationship with the Good Samaritan Ministries Food Pantry and Soup Kitchen. Our big event is the annual Nutrition 5K and Kid-K, all of the proceeds from which go to Good Sam. The event focuses on fitness and nutrition and helps to raise funds and

## concern for community is cooperative Principle 7

*"While focusing on member needs, cooperatives work for the sustainable development of communities through policies and programs accepted by the members."*

awareness for the food pantry. It's also a great opportunity to engage with service fraternities and sororities from SIU, all of whom are instrumental in helping the event run smoothly and efficiently.

We work with area animal shelters via our Dawg Daze of Summer Super Shelter Spectacular, which took place at Alto Vineyards last summer. The event was festive and fun with local bands and an

auktion that brought together artists and businesses who contributed their crafts and services. Alto Vineyards, Shawnee Shuttle and the Co-op raised nearly \$10,000 for eight area shelters.

Over the years the Co-op has held a number of different farm tours, which help to bridge the gap between the farmer and the consumer.

We cultivate community beyond the boundaries of our store as well. We try to carry as many Fair Trade products as possible. Fair Trade is a great example of extending community ties beyond the local level.

We also work among the cooperative community as well by sending managers to new or expanding co-ops to help them find their legs during critical transitional times.

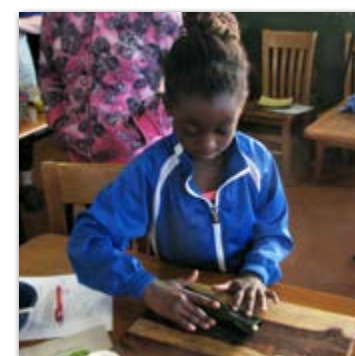
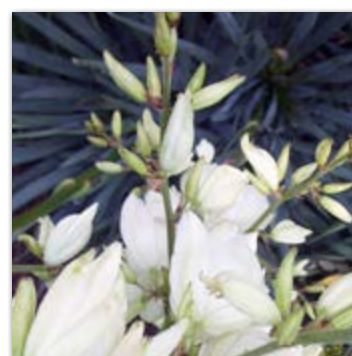
And these are just the big things, really. We do our best to help groups with gift cards or gift baskets for fund raisers. It's amazing to see all of the people working so hard to keep their own organizations afloat and causes going strong.

Defining community is not as easy as one might at first think. It's more than just words in an article or report or pat set of policies. Community is a constant work in progress that doesn't stop. It's like an invisible infrastructure that bonds the building blocks of small groups, businesses and organizations together.



# Your Co-op in the Community

Celebrating fun, fitness & healthy food all year long!



Row 1 left to right: Board members Charlie Howe, Trish Wright and Connie Jacobs help out at the store, Nutrition Kid-K participants. Row 2: Wild edible on walking tour; cooking class participant; Honest Tea foldable bike contest winner; Kyle Neville sampling organic turkey for the holidays. Row 3: Dawg Daze of Summer fund raiser at Alto Pass Winery; presenting check to the SI Humane Society; Co-op Pumpkin; healthy food being dished up for kids in a cooking class at the Co-op.



### Leading with Local

In 2013 the Co-op redefined local to mean the entire state of Illinois or 200 miles from the store.

Sales of local in relation to all goods sold.

**12%**



Sales of local goods by the Co-op totalled

**\$571,533**

in 2013,  
an increase of 23%.



## Owner Values Survey

In 2013 the board surveyed owners about what they value. 272 owners took the survey. Here's a snapshot of what we learned.

- 96% feel it is important that employees be treated fairly for us to accomplish our mission.
- 67.18% felt we should be driven by service not profit.
- 58.06% feel working with more local farmers & producers should be a priority for the store.
- 96.64% of owners feel the Co-op should be a place where everyone feels welcome.
- 53.9% feel we should support local and independently owned businesses

**57.4%**

of our sales are to owners- up from 56.4% in 2012

**326**

owners who voted in the 2013 election, up from 311 in 2012

**3,326**

our number of owners

Gave seeds to Head Start program & taught children how to plant them

Launched new logo



Owner Appreciation Weekend

Through the SIU School of Agriculture and the Illinois Cooperative Council, regional high school students toured the Co-op.

**\$4.37 million**  
in sales in 2012

Owner Appreciation Weekend

Over 120 pre-k and grade school students toured the store & learned about healthy eating habits.

**337**

new owners joined the Co-op in 2013

Nutrition 5K & Kid-K

Wild Edibles Walking Tour

Replaced fluorescent bulbs in sales floor freezers with longer-lasting LED



In November 2013 we launched our dynamic new website. Features of the new website:

Bulk PLU number look-up  
Bulk cooking instructions & recipes  
Online job application  
An interface that's easy to navigate  
Event pages  
Owner Buys flyer  
Customer & Staff Favorites  
Deli schedule that posts to social media

According to our marketing survey 72.91% of owners say we meet their needs well or very well.

A majority of owners surveyed say the Co-op works to create a sense of community, promotes environmental stewardship & can be trusted to make ethical decisions.

## Employee Turnover

**28%**

According to Workforce.com and the Food Marketing Institute, the median employee turnover rate for grocery stores under \$10 million in sales is 35%.

**24 FT & 24 PT**

number of full-time and part-time employees working at the Co-op

Received Employee Survey Results

**Best Sales Week of the Year**

Grocery Super Sale

Sponsored Fine Craft Auction

Sponsored Irish Festival

Sponsored Art Over Easy

**\$4.76 million**  
in sales in 2013

**33,000**

Wooden Nickels donated by shoppers to area non profits. That's over \$1600 five cents at a time!

**31% of goods sold are certified organic**

Owner Appreciation Weekend

Farm Crawl

**17 Farms & 150 participants**

## Energy Consumed per customer



### 2013

3,683 BTUs - British Thermal Units  
2.21 kWh - kilowatt hour

### 2012

2,948 BTUs - British Thermal Units  
2.25 kWh - kilowatt hour

### 2011

3,526 BTUs - British Thermal Units  
2.39 kWh - kilowatt hour

The Co-op's electricity use per customer was less than the previous year. However, the Co-op's use of natural gas was much higher in 2013. This is because the heating season months were much colder in 2013 than 2012, with average temperatures more than 5 degrees colder.

**Classes** The Co-op continued to offer cooking classes in 2013. Most of the classes were centered around plant-based dishes. Kathy Ward, a certified vegan fusion chef, led the veggie charge and her classes were well attended. In the past, it was difficult to attract a crowd to a vegan cooking class, but thanks to Kathy's expertise and the growing awareness about the importance of a plant-based diet, we will continue offering this option in the future.

## Cultivating Community @ The Co-op

5 cooking classes/events  
9 educational tours  
totalling **294** participants  
1 Farm Crawl with **150** participants

**2013 Outreach Highlights** The Co-op continued to show that it can be a leader when it comes to representing important local food and farming issues. In August, the Co-op was asked by Food & Water Watch, an environmental watchdog organization, to testify on behalf of a GMO labeling bill (SB166) for the state of Illinois. The State Senate Subcommittee hearing was held before a panel of state senators at the SIU Student Center in Carbondale. In November, the Co-op was also asked to present at the Illinois Farm Bureau's Local and Regional Food Summit, which was held at Heartland Community College in Bloomington. The Illinois Farm Bureau, which is seen by many as having close ties with large-scale commercial and commodity agriculture, is starting to recognize the value and importance of small-scale, sustainable farming. The Co-op was asked to talk about how a successful grocery cooperative works with local producers and promotes small-scale sustainable agriculture through events like our Fall Farm Crawl.

**What's Up for 2014?** We hope to keep the momentum of a successful 2013 going throughout 2014. Of course, it would not be possible without the outstanding support of the shoppers and owners who patronize our store. We are proud to be a locally-owned, independent community-oriented business. The cooperative business model grants us the flexibility to work with the community and promote healthy food and sustainable growing practices in Southern Illinois. There's so much to know at the Co-op, we really are more than just a grocery store.



## Recycling @ the Co-op

5040 tons  
mixed paper

7960 tons  
glass, metal, plastic

105,950 tons  
cardboard

# OwnerFest

2014 Annual Owners Meeting & Party



**Saturday, March 22**

**The Warehouse at 17<sup>th</sup> Street**

214 North 17<sup>th</sup> Street . Murphysboro

**5PM Be Happy Hour . 6PM Annual Meeting . 7PM Catered Dinner\***

Dinner catered by Cristaudos & 17<sup>th</sup> Street Bar & Grill

**Things to Know:** As always, no ticket is required for owners to attend the Be Happy Hour and Meeting. In cases of hardship tickets can still be obtained. Please call Jerry Bradley at 618.967-4196 to discuss other options. Owners are asked to bring an appetizer or wine to the Be Happy Hour or a dessert to the dinner. Last call for voting will be 6PM.

\*The Co-op wants to make sure every seat is filled at the dinner, so essentially dinner tickets are FREE! Tickets are bought online or in the store for \$10 each. The night of the dinner owners will be reimbursed for their ticket in the form of a \$10 Co-op Gift Card per ticket. You must attend the dinner to receive the Gift Card.

**Tickets go fast!**

**\*Cost: \$10 per person (attendees receive a \$10 Gift Card at the dinner)**

**Reserve your tickets @ [www.Neighborhood.Coop](http://www.Neighborhood.Coop)**