

Minutes - December 10, 2018

East Lansing Food Co-op Board of Directors Meeting

Present: Board members Stephen Gasteyer, John Reich, Marshall Clabeaux, Michele Bridges, David Reyes-Gastelum. **Staff:** Peggy Cunniffe. **SHC Vista Volunteer:** Anbareen Shefa. **Owner:** Kirk Green. **EMBA Team members:** Bob Alderink, Erin Pierce, Murali Mallaiah, Preet Grewal (EMBA program instructor).

- **EMBA TEAM: Presentation of Final Report**

- Competitive analysis of ELFCO and six other markets: Kroger, Food for Living, Horrocks, Whole Foods, Farmers Markets, Fresh Thyme
- East Lansing is a good location for ELFCO– not close to Horrocks. Can ELFCO build on the models of Horrocks and Food for Living, for example, by offering free tastings and using a lot of social media as Foods for Living does.
- Putting a lot of focus on local is a good strategy, since most competitors have multiple stores and cannot make the claim to being local that ELFCO can. For example, Fresh Thyme has 68 locations. As well, ELFCO – in East Lansing – has much more going on compared to Okemos, e.g., festivals, campus events and activities, etc. Building on local identity would provide a niche for us. Be very personal in approach to customers. Push local products via sampling.
- Could we make online ordering and home delivery a reality?
- Plan events and attractions that differentiate ELFCO from all other competitors. Buffet and restoration – music concerts to attract customers, etc.
- THREAT – worry about availability of local produce during winter.
- Product offerings: Fresh Thyme has resorted to carrying soda, chips to meet demand by customers who expect to Coke to be in such a store. FT is also weak on “grab and go (which they are working on now),” and local dairy products and meats. Preet thinks FT is in a terrible location; she personally avoids that area of EL.
- Lansing City Market has closed down completely. See that as an opportunity.
- Farmers markets are competition, but are only seasonal.
- ELFCO should consider combining models of Horrocks and Fresh Thyme: use their strategies of communication – newsletters, demos, etc.
- Whole Foods and Fresh Thyme do not deal directly with vendors, but use a third party suppliers to which local vendors must appeal if they want WF or FT to carry their products. ELFCO should work to understand the WF/FT supply system as it looks to develop a niche market.
- Possibly students can help to develop this niche market, maybe by tapping into Culinary School, nutrition groups, etc.
- Link to university – be the voice of local – Community Seminars – Biology on Tap; Health and Wellness Outreach; Partner with MSU for Content, etc.

- Bob and Erin discussed the importance of improving return on equity by improving our product. ELFCO can work to be seen as “purveyor to community,” meeting the growing demand by consumers for local products.
- We could also look at business-to-business partnerships, i.e., selling to local businesses who need the local (niche) products we have. An example is Meijer, but we could also sell our niche products to Soup Spoon, American Fifth, Red Haven, Woody’s Oasis, Mert’s Meats, Ellison’s (pizza). Lots of issues may arise with this, but building strategic partnerships with like-minded businesses can be beneficial for all. This could even extend to allowing another business to sell its products from ELFCO’s store; we could be a venue for selling prepackaged products.
- As well, ELFCO might have a sales presence at a partner business. Horrock’s does this with Laurel’s Gelato. Could have something like Jerusalem Bakery at ELFCO, or ELFCO products at restaurants. Or sell at coffee shops. Identify micro-businesses for this purpose. Altu’s is one example of a potential partnership, per Marshall. Consider possibility of starting off as a micro-business partnering with other businesses, then expanding as sales grow.
- **Cost of co-op membership** – In addition to the points summarized above, the EMBA team opened up a discussion with everyone present about the cost of membership and related issues. The EMBA team strongly support ELFCO’s charging an annual membership fee, since we will need the income to be successful. For example, having 500 members pay \$200/year would pay for annual cost of goods.
 - Payment of membership fees could be smaller and more incremental, e.g., monthly.
 - If there is a subscription cost, there is normally a cap, and most co-ops have a cap – subscription up to a cap.
 - Membership fees are alienating for low income folks – could we have a system that subsidizes low income customers. We had already established an equity fund supported by “donated equity” to help Bridge Card holders pay for an owner share in ELFCO.
 - We have to think about equity (to capitalize coop) – then about having a fee to offset markup – To do this, we have to get past ELFCO’s lifetime membership issue. One way to do this is to leverage the fact that we have a mission – we are unique, different, not just another store! Put a face to the dollar amount: be very clear about where the money is going! Clarify the benefits of annual membership; tie membership to specific outcomes for members.
 - Annualize to fund the mission of the coop – Brick for lifetime members – fund like a nonprofit.

- Volunteers: money could also be saved by using volunteers to do outreach. This could take many forms, such as contributions to an online ELFCO magazine, booking bands for music nights, etc.
 - Make sure there is a community center feel: have a space where people can hang out.
 - Create opportunities for engaging suppliers, e.g., farmer spotlights, etc.
- **Approve 11/15/18 Board meeting minutes:** Draft minutes are posted on the Google drive and website (under the “Governance” tab). John motioned to approve, Michelle seconded. Unanimous approval.
- **Staff update:** No comments or questions regarding the weekly expense report.
- **USDA's Healthy Food Financing Initiative**
 - Stephen pointed out that mid-February deadline would give us little time to write the grant, which typically take about a month to complete.
 - If we are serious about the grant, we would need to start thinking about the possibility of locating in low income and or underserved community.
 - Success is really contingent on developing the partnerships we are currently exploring. We should first develop a plan in the context of partnerships, then apply for grants.
- **“MSU Points of Intervention Tour”** (See Stephen’s 11/19/18 email forwarding offer of project partnership with MSU Recycling Center)
 - Also contingent on having something more concrete than we currently do. However, it’s a great idea and we will keep it on the radar for future participation.
- **Partnerships:**
 - We will recirculate the list of potential partners we can approach
 - Start with: Student Organic Farm
 - Call for appointments
 - Go in Pairs – Take notes and share them with everyone.
 - Everyone needs to go through the list, if you know people, volunteer to meet with them.
 - Consider taking someone with who doesn’t know the person...
 - MSU Product Center: Have access to and knowledge about small vendors, of which there is limited quantity, not huge. Who is a good contact for MPC? (Chris Bardenhagen?)
 - The pitch – be clear about what we would like to do/sell; emphasize we are serving our community
 - Sometimes a tiered system for vendors –

- What are the little things that we sell that others don't --prepared food?
- Stephen and Anbo will take the existing vision – and then send around draft with three iterations of the vision.
- Peggy will circulate the list of priority organizations/associations.
- People who meet with potential partners will write up notes – who they met with, how the meeting went, what ideas, directions, opportunities were discussed?

NEXT BOARD MEETING – MONDAY JANUARY 7, 2019

- Caveat: we may meet in small groups as have recently done.
- We can use Google Groups as set up by Kirk to communicate about particular topics.