

# **2014 Annual Report**



Phone – 336.223.3090 [www.companyshopsmarket.coop](http://www.companyshopsmarket.coop)



***“Connecting our community and enriching our local economy through our owners, our service and our products.”***

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***State of our Cooperative*** – *Company Shops continues to grow in all areas of operating. Sales increased 5.93% in 2014. Customer count increased by 5992 over 2013 and our average transaction increased by 31 cents. In 2014, we implemented a customer service initiative used by thousands of successful service related businesses. The Zingerman’s Guide to Giving Great Service is a world renowned customer service training program. Both customers and employees have noticed the positive change in the overall shopping and work environment since its inception.*

*When comparing the current month sales with previous year, CSM has held sales growth during 31 out of the 32 previous months. This occurred while performing ahead of budget on operating expenses. As the co-op continues to grow and develop, our ability to provide more opportunities to the overall well-being of the community improves. Chris Bartlett General Manager*

***Board Report –***

*In 2014, CSM completed the renovation of the Community Room and the upstairs office space thanks to the generous support of over 60 owners who contributed almost \$55,000 for the project. The Community Room will be a major asset for Company Shops Market for many years to come; for example, 28 groups used the Community Room during January and February.*

*For 2015 the CSM Board is organizing committees to focus on specific areas of work; these include: Community Outreach, Electronic Communication with Owners, Owners Roundtable and Policy Review. We look forward to a year of growth for Company Shops Market and for our partnership with others who are working to build a strong and healthy community for Burlington and Alamance County.*

*We would like to take this opportunity to thank outgoing Board Members: Sharon Dent, Rusty Holt and Martiez Taylor for their dedication and time spent assisting and supporting Company Shops Market in our startup and development phase. Your work has been instrumental in our past, current and future presence.*

## General Managers Report

### Financials –

*In 2014 while Company Shops Market experienced sales growth, we fell short of the budgeted 8%. Net income was \$12,161.83 dollars below budget when deducting the funds raised for the community room (highlighted in yellow). The shortfall came during the 4<sup>th</sup> quarter, as sales dipped 8.8% below the budgeted and planned 10% growth during this time. The team did well managing expenses during the year, as operational expenses were .22% ahead of budget.*

*We found that only 48% of all sales were generated by our owners, this was down from 51% in 2013. During 2013 owner purchases increased \$157,956 over 2012, in 2014 the increase was only \$8,351; this is a concerning trend. In 2015, we will work to find opportunities to re-connect with inactive owners. I am hopeful the newly formed Community Outreach Committee will be beneficial in this capacity. This committee is made up of board, staff and devoted customers.*

*Below is the mini-income statement with the 2014 budget and actuals, along with the revised Pro Forma/Projection made for the market, six months after we opened in 2011.*

CSM mini income statement	Year Ending 2014 Actual	2014 %	Year Ending 2014 Budget	2014 %	CSM 2011 Proforma	2014 %
Total Sales	\$ 3,335,917.69	100.00%	\$ 3,394,752.15	100.00%	\$ 3,400,000.00	100.00%
Total COG	\$ 2,152,417.68	64.52%	\$ 2,169,419.68	63.91%	\$ 2,190,620.00	64.43%
<b>Total Margin</b>	<b>\$ 1,183,500.01</b>	<b>35.48%</b>	<b>\$ 1,225,332.47</b>	<b>36.09%</b>	<b>\$ 1,209,380.00</b>	<b>35.57%</b>
<b>Total Operating Expenses</b>	<b>\$ 1,251,326.95</b>	<b>37.51%</b>	<b>\$ 1,280,956.70</b>	<b>37.73%</b>	<b>\$ 1,262,648.00</b>	<b>37.14%</b>
Total Other Income	\$ 43,648.89	1.31%	\$ 50.20	0.00%	\$ -	0.00%
Total Other Expense	\$ 17,447.82	0.52%	\$ 17,050.00	0.50%	\$ 17,000.00	0.50%
<b>Net Income</b>	<b>\$ (41,625.87)</b>	<b>-1.25%</b>	<b>\$ (72,624.04)</b>	<b>-2.14%</b>	<b>\$ (70,268.00)</b>	<b>-2.07%</b>
<b>w/o com. Rm. investments</b>	<b>\$ (84,785.87)</b>	<b>-2.54%</b>				
Depreciation adjustment	\$ 79,310.33	2.38%	\$ 79,310.33	2.34%	\$ 79,310.33	2.33%
<b>Adjusted Net Income</b>	<b>\$ 37,684.46</b>	<b>1.13%</b>	<b>\$ 6,686.29</b>	<b>0.20%</b>	<b>\$ 9,042.33</b>	<b>0.27%</b>
<b>w/o com. Rm. investments</b>	<b>\$ (5,475.54)</b>	<b>-0.16%</b>				

*We have budgeted for a 4.3% sales growth during 2015.*

### *Cash Flow and Balance Sheet Data –*

*Due to the size of our store and the cost of maintaining daily operational efficiency, the store must average \$65,000 weekly. During 2014 with the additional 5.93% in sales growth, our weekly average was \$64,152. We continue to see a draw down on our cash while our current liabilities continue to increase slightly. Both of these trends need to be and can be reversed by increasing sales. The CSM team has proven its ability to manage expenses and can operate efficiently during the times of year when we have averaged over the \$65,000 threshold. We have several weeks each year when we are over \$70,000 in sales. The first week of April in 2014 was our busiest week with \$77,848 in sales. If we manage to meet our budgeted 2015 sales expectations, our weekly average will be \$66,910.*

<b>COMPANY SHOPS MARKET, INC.</b>	
<b>Balance Sheet</b>	
<b>As of December 27, 2014</b>	
	<b>Dec 27, 14</b>
<b>ASSETS</b>	
Total Current Assets	266,416.62
Total Fixed Assets	1,628,996.62
Total Other Assets	12,537.86
<b>TOTAL ASSETS</b>	<b>1,907,951.10</b>
<b>LIABILITIES &amp; EQUITY</b>	
Total Current Liabilities	371,371.42
Total Long Term Liabilities	1,104,286.16
Total Liabilities	1,475,657.58
Total Equity	432,293.52
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>1,907,951.10</b>

<b>CSM 2014 Cash Flow worksheet</b>	
	<b>2014 Totals</b>
Net Income	<b>\$ (41,625.87)</b>
other operating Activities	<b>\$ 35,477.98</b>
Depreciation/investment activities	<b>\$ 26,550.97</b>
New Owners/investment	<b>\$ (65,529.71)</b>
<b>Net Cash increase during period</b>	<b>\$ (44,854.03)</b>
<b>Net cash at the beginning of period</b>	<b>\$ 80,919.19</b>
<b>Net Cash at the end of period</b>	<b>\$ 36,065.16</b>

*All financial data is from our 2014 Financial Statements provided by our CPA, Thomas Chandler Thomas & Hinshaw, LLP*

## *Current Events and Market Milestones –*

### *Milestones –*

- *Company Shops Market total 2014 sales were \$3,335,918.*
- *During 2014 we had our best sales day and week in our history. June 14<sup>th</sup> we celebrated our 3<sup>rd</sup> anniversary with an owner 15% off appreciation sale, we sold \$22,428 in goods on that day!*
- *Total Customer count was 171,984 compared to 165,992 in 2013.*
- *Average transaction size was \$19.98 for 2014.*
- *Our signature sandwich program continues to grow. During the Saturday of Elon Graduation last May, we sold 111 sandwiches from 11 to 2pm. That is 37 sandwiches made in an hour or one every 97 seconds!*
- *We saw 139 new owners join us and went over 3000 owners!*
- *We went over \$10 million in total sales since our opening during 2014!*
- *The B and Clary Holt Community Room was built and opened upstairs in the market, several groups are currently using the room for meetings, classes, and other community related gatherings. Thanks again to all who donated and made this possible. If you are interested in hosting a meeting upstairs at the market, please email [sarahs@companyshopsmarket.coop](mailto:sarahs@companyshopsmarket.coop) to reserve.*
- *Through a crowd sourcing campaign the market raised \$5500 to go towards an espresso machine, and construction to revamp the kitchen to make way for latte's (update on this project below in current events).*

### *Current Events –*

- *Wine Sale begins on April 1<sup>st</sup> and runs through May 2nd, with the Wine Show on the 18<sup>th</sup> of April.*
- *Taste of Alamance is April 20<sup>th</sup>, taking place on Front Street directly outside the store.*
- *Active City Streets will be held on May 2<sup>nd</sup>. Registration and starting point will be at Company Shops for the 5K road race.*
- *Finalizing a Company Shops night with the Burlington Royals in June. Free tickets for CSM owners.*
- *4<sup>th</sup> Friday Craft Fairs in CSM parking area during the summer.*
- *Relay for Life vendor, May 15<sup>th</sup>*
- *Anniversary Sales Promotion – This will be our fourth anniversary!*

- *Beer Festival in September.*
- *Local Producers Fair in October.*
- *Taste the Traditions, holiday Sampling Party November 21<sup>st</sup>.*

*As we realize many of you generously donated to our espresso and coffee bar project, we want to keep you up to date on the current timeline of planned events. The timeline was generated during a two day visit from our Deli/Prep Foods Consultant with National Co-op Grocers. Many additional plans and improvements were discussed during the visit as well. Look for new and improved elements on our signature sandwich service, pastry, hot bar and soup options.*

### **Espresso Program Timeline for Company Shops Market**

By February 23rd	Create job descriptions for Café Barista position Create an all-staff training program Obtain bids on plumbing, electrical, millwork and equipment
March 2nd	Determined menu for Espresso drinks Construction bids are reviewed Equipment ordered, delivery scheduled
By March 31st	Menu board finalized Drink recipes tested
By April 18th	Marketing creates excitement Menu boards completed
By April 30th	Equipment arrives; set-up Inspection if needed confirmed Ingredient orders placed Training begins for all staff
On May 19th	Program launch-execute drinks

## *Local Food for Local People – Doing Great Things for the Community*

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*In 2014, Company Shops Market bought \$1,051,060 in local goods from 133 different vendors, and purchased \$54,492 in local services, from 24 businesses.*

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*During 2014 we donated \$4100 in gift cards and products for local organizations.*

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*Company Shops Market offered \$31,266 in owner discounts in 2014; and another \$10,565 in store coupons.*

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*Company Shops Market employs 33 local citizens of Burlington, and during 2014 paid a total of \$720,005 in wages and benefits. Total return for personnel, local products and services purchased amounted to just over 1.7 million dollars that our store put back into our local economy!*

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*We paid out \$3198 on profit share partnerships with many organizations who participated in this opportunity. For profit share info, please contact -*

*Sarah Southern at -  
sarahs@companyshopsmarket.  
coop*

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*"The choices regarding what to eat and drink are some the most important choices that we make, period. Supporting our talented neighbours who create high-quality products while also balancing social and environmental concerns isn't always the easiest or least expensive option, but it's the option that's most sustainable for the land and people involved." - **Jared Rennie, Founder & Director of Coffee, Noble Coffee Roasting***

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*Environmental Sustainability – Doing great things for the planet.*

Company Shops recycled 110,300lbs  
in weight including cardboard!

We composted over  
35,000lbs during  
2014!

In 2014,  
Company Shops  
Market turned 72 tons  
of potential landfill  
rubbish into reusable  
resources!



The seventh Cooperative Principle  
calls for us to be mindful of the  
community and environment in all  
decisions we make.

**7th Principle: Concern for  
Community**

“Co-operatives work for the  
sustainable development of their  
communities through policies  
approved by their members.”

During 2015 and  
beyond, we plan to  
explore opportunities  
to improve our  
environmental  
footprint. This  
includes LED lighting  
and low energy fan  
motors for the  
refrigeration units.  
We are researching  
opportunities to  
install solar panels to  
help heat our water.



## *The Seven Cooperative Principles and how we measure up—*

- 1. Voluntary and open membership** - We offer an opportunity for everyone to become an owner. Owners have a say in what happens at the co-op, participate in elections and enjoy monthly discounts. - *During 2014 we welcomed 139 new owners, without discrimination.*
- 2. Democratic member control** - Company Shops Market is directed by a board of 10 local community members. Owners are eligible to run for a seat on the board and also have the right to vote for new board members. - *During the past year Company Shops Market had four owners run and were elected to the board of directors.*
- 3. Member economic participation** - Owners contribute to the sales of the co-op through their one-time ownership fee and continued patronage to the business. It's because of owners that a co-op has the opportunity to succeed in its early years. As a cooperative, the money that is earned through sales is placed back into the community. - *As mentioned on page 7, in 2014, CSM purchased 1.1 million in local products and services!*
- 4. Autonomy and independence** - Company Shops is governed and controlled by its owners. Though we belong to the National Cooperative Grocers (NCG), we remain autonomous and independent and answer to our owners rather than one presiding authority. - *By electing a board of directors, our owners are the controlling body. The board directs the General Manager through a list of governing policies that positively impact the cooperative. All owners are invited to run for the board of directors, submit customer comment forms and participate on board directed committees to assist the market in its success.*
- 5. Education, training and information** - We are dedicated to providing our customers and the community with information about our principles, mission and vision. One of our goals is to equip employees and managers with sufficient information to properly address customer questions and concerns. We also offer classes throughout the year in our community room on various topics from health, to food preparation, beer and wine. - *Our community room is used several times a week by various groups who meet to discuss community development or educate about our products*

*and healthy lifestyles. We share information with our owners through social media, newsletters and The Sprout, our quarterly publication on market news, co-op stories, recipes and upcoming events.*

- 6. Cooperation among cooperatives** - *Rather than compete with other co-ops, we work with one another because we recognize that we truly are stronger together. When new co-ops are established and need help getting started, already established co-ops are available to help, offer services and consultation. Our desire is to see every co-op thrive and succeed! - CSM has sent staff to Durham and Hendersonville to help these co-ops open new stores. We work closely with Weaver Street Market in Carrboro, purchasing just under \$500,000 in products from their food commissary kitchen during 2014. Weaver Street produces products for their three stores located in Carrboro, Chapel Hill and Hillsboro, while producing and delivering goods to three other co-ops, Durham Co-op Market, CSM, and Deep Roots Market in Greensboro. Company Shops works closely with Deep Roots to share marketing ideas and products; we are currently exploring opportunities to share personnel.*
- 7. Concern for community** - *One of our primary goals is to support our local community by purchasing the majority of our offered products from local farmers and producers. We also endeavor to provide donations to non-profits, organizations and local events and we participate on boards, committees and in local events throughout the year. As a result, we have established relationships with our patrons and community members, which goes far beyond just a shopping experience. See above on page 7 and 8 for all the positive things we do for the community and environment. Our greatest asset is the sense of community we build each and every day, with our welcoming, informed team, we strive to provide a great experience for all shoppers. Burlington is so very fortunate to have such a dedicated, enthusiastic team at Company Shops Market!*

*I will close with a couple of quotes from Michael Shuman, a longtime supporter and author of the local food and cooperative movement.*

## **Why Local First?**

*Michael H. Shuman, author of Going Local, says it best: "Going local does not mean walling off the outside world. It means nurturing locally owned businesses which use local resources sustainably, employ local workers at decent wages and serve primarily local consumers. It means becoming more self-sufficient and less dependent on imports. Control moves from the boardrooms of distant corporations and back into the community where it belongs."*

*"There's a tendency for those unfamiliar with cooperatives to look down on them as the leftovers of the mainstream economy, implying that if these ideologically driven people simply reorganized themselves into "normal" private companies, they would be more efficient and productive. In fact, just the opposite is true: Cooperatives often enter into economic activities that private businesses will not take on. The most fertile period of cooperative growth was during the Great Depression.*

*— [Michael Shuman, Local Dollars, Local Sense: How to Shift Your Money from Wall Street to Main Street and Achieve Real Prosperity--A Resilient Communities Guide](#)*

*Please feel free to contact me at the market with questions, ideas or concerns.*

*Respectfully Submitted,*

*Chris Bartlett*

*General Manager*

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