



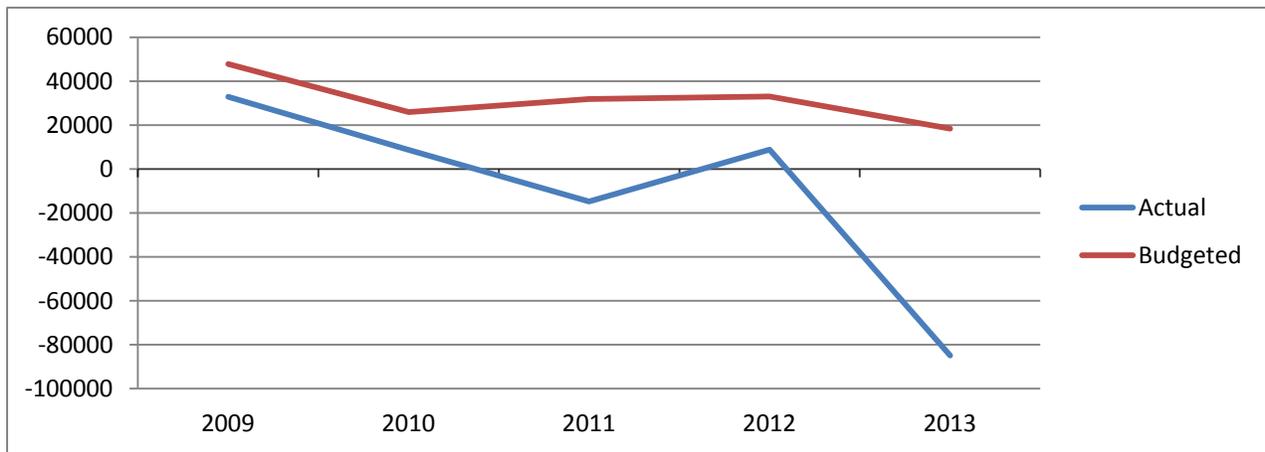
**General Manager's Report  
Syracuse Financial Health and Plans  
December 15, 2013**

The SRFC has been operating in the current location for 40 years and has gained an emotional attachment to the residents of the Westcott community. Over the previous 5 fiscal years, (2009 thru 2013, we are currently in FY 2014) the Co-op has been budgeted to make a profit of \$157,099 but generated a loss of \$49,263. This is a negative swing of over \$200,000. Although there were some profitable years, not once did the Co-op achieve the budgeted profit. The greatest loss occurred during FY 2013.

Profit for FY Years 2009-2013

	Actual	Budgeted
2009	32862	47835
2010	8680	25893
2011	-14735	31884
2012	8852	33066
2013	-84922	18421
Total	-49263	157099

**Net income**



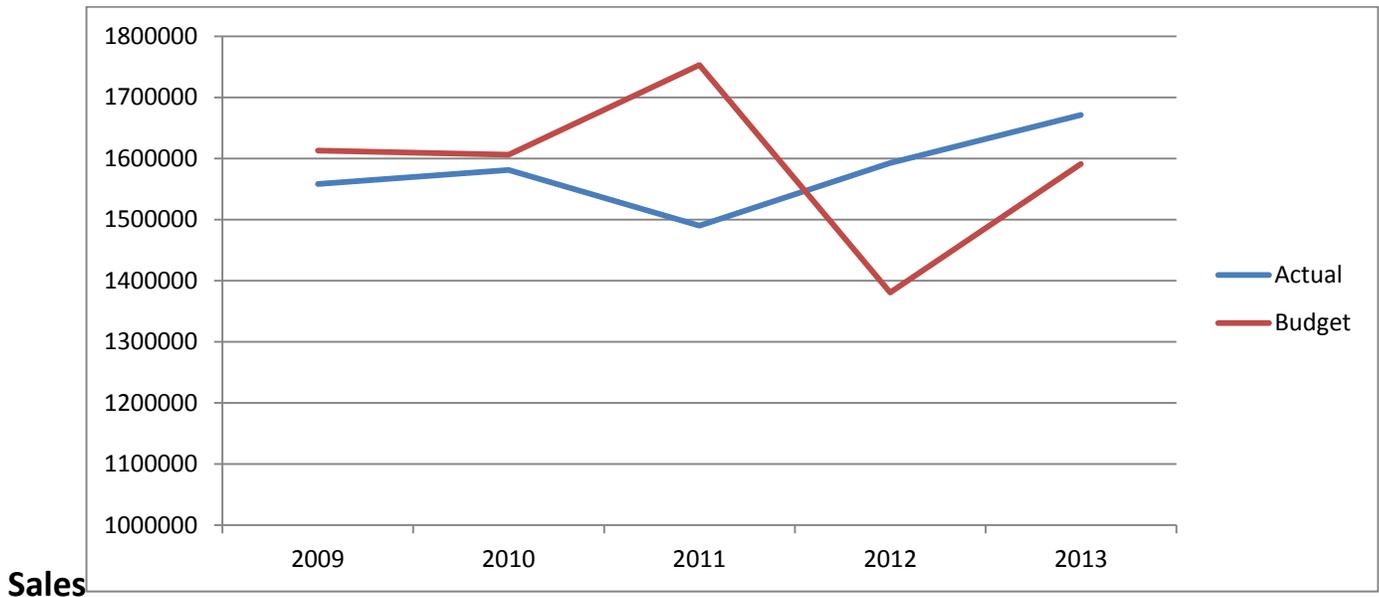
There can be many reasons for these losses, but the concern now is what we must do to correct, improve, and make it possible to keep our Co-op operationally solvent.

- We must look at sales
- We must look at our facility
- We must look at operational integrity
- Most importantly, we must look at our member base; especially the members we do not have. I say this because 50% of our sales are from non members.

# Sales

Sales for FY 2009-2013

	Actual	Budgeted
2009	1558256	1612855
2010	1580877	1606064
2011	1489649	1753057
2012	1592611	1380529
2013	1671311	1590955
Total	7892704	7943460



Ironically, the year of the greatest sales was also the year of the greatest loss. We have reached a plateau with achieving more sales in the current location. The store is small, limited space, no storage, but has a personal attachment to the residents of the Westcott community.

## Options

- Continue in the current location and the best we can expect is to be marginally profitable.
- Find a new location in the Westcott Community and close the existing facility.
- Keep the current location and open a second location outside the current community; after all, our name is Syracuse Real Food Co-op. This will allow us to maintain the current location and grow our membership base in other areas of Syracuse.

With financial challenges arising from the small scale of the current facility, I feel our best option is to have a second location in another area of Syracuse to better service the consumers with quality food products. The right location with the proper management will generate more than enough sales to support itself and assist with the support of the Kensington Road location. Efficiency will equate into profit. We will also increase our member base through member drives and other methods.

We have begun the initial search for locations, including the downtown area. I must continue to emphasize that any expansion outside Westcott would be a second location.

## **The Facility**

Currently our beloved facility needs much repair or retrofit work to have any hopes of increasing and maintaining sales. Even with these changes, we could not expand the footprint of the store and would not be able to recoup the funds used for improvements.

I would suggest another location that would be more efficient and would adhere to all the legal requirements of a retail establishment. We could also search for a location to grow; which should be our goal. We could maintain the current location and support them by offering storage and preparation facilities. We would also have the opportunity to establish another member base outside of the Westcott area. The stores would operate as separate units of the same entity. By this, I mean each location would have its own Profit/Loss controls for operational grading. This would enable the General Manager and the Board of Directors to judge the performance of each location.

## **Operational Integrity**

- Improved buying practices: Two locations would give the opportunity to make better purchases
- Our purchase discount is relevant to the volume of goods bought as a organization and not as individual stores. This would give our current location a larger purchase discount, although it may or may not increase in purchasing.
- Must pay all bills on time to keep credibility with our suppliers, who in turn will find more support for the Co-op.
- Able to move products around: Some items may sell better at one location over the other which could help reduce the shrink.
- More room to operate at both locations: Much of the financial work for both locations would be done at the larger location, thus freeing room for more efficiency at the Kensington location. This additional location will require minimal time investment of the book keeper.

## **Member Base**

- This would give the Co-op the chance to increase the member base in the city, which in turn generates more funds for improvement.
- Another benefit would be advertising cost. The costs per store are much less for 2 locations.
- The sheer presence of an additional natural/organic market will increase our credibility as a full service shop.
- We will be better able to offer more member specials, thus giving the opportunity to increase the member base even more.
- Our goal should be to convert every non-member to a member.
- Our buying will change so that we can take advantage of larger discounts that are associated with quantity purchases. This will enable us to offer members or potential members more value. Currently, we are not able to take advantage of quantity discounts.

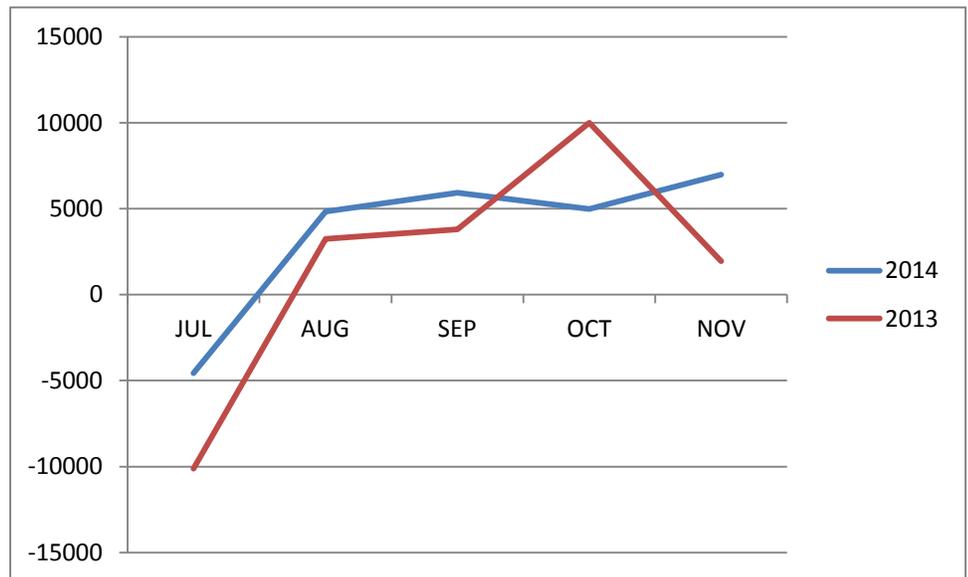
You may ask: **“With the losses of the past 5 years, how can we expect to expand this type of record?”**

To address the losses of the previous year, I can offer the following information.

The attached is the profitability through November of 2013. The total FY2014 budget has suggested a total profit of \$10278, but we have achieved this and more in 5 months, with an additional 7 months to spare.

Profit thru November 2013

	ACTUAL	BUDGETED
JUL	-4562	-10118
AUG	4837	3249
SEP	5933	3805
OCT	4983	9993
NOV	6976	1950
YTD	18167	8879



We are pursuing the following options for financing any expansion efforts:

- a. Funding from the City of Syracuse
- b. Funding from developers that wish to have a retail food store on site
- c. A combination of (a and b)
- d. Possible funding from NCGA member Co-ops
- e. Will reach out to outside sources
- f. Member loans.
- g. Possible bank loans.

Thank you,

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For more information or future questions or concerns, we encourage you to contact:

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