**MANAGER’S REPORT**

**Annual General Meeting 2020**

The strategies implemented in 2019 to help stabilise the Co-op after its financial challenges were successful, and the start of 2020 brought about financial stability for the organisation.

Key strategies that stabilised the Co-op’s financial performance were:

1. Reducing operational wage costs (reported to the 2019 AGM).
2. Reducing our accounting fees by switching from an accounting firm to a bookkeeping service, which was more appropriate for the needs of the Co-op.
3. Increasing the amount of stock bought, particularly before the Christmas period.

2020 has seen a stream of new challenges for the Co-op and its suppliers. The summer bushfires early in the year damaged crops and reduced or obliterated production for some farmers, several of whom were regular and trusted suppliers. In most cases, however, we were able to find alternative supplies from other parts of Australia.

In March, COVID panic buying gave the Co-op a sharp financial boost. However, since July there has been a steady drop in sales, (an average of 7% to 10% each week, compared to the previous year). Based on sales analysis, we can see this is due to a reduction in foot traffic and the number of shoppers coming into the Co-op.

In recent months we have implemented new buying strategies to help increase sales including:

1. Significantly increasing product ranges.
2. Competitively changing pricing.
3. Increasing farmer direct offerings (which has been made possible since COVID with farmers mobilising to online sales).

Additionally, our marketing team has been working hard to increase our customer reach.

COVID-19 also challenged the way the Co-op operates, including reducing the number of customers, staff and volunteers allowed in the store at one time, due to our small store size. Earlier closing times were also introduced, while simultaneously expanding our cleaning procedures to meet COVID-safe requirements. We also had to cancel all workshops and community engagement activities for the interim.

**Points for consideration**

It is well known that online shopping has dramatically increased since COVID-19. Until recently, we were able to provide a modest online service, i.e. veggie boxes for collection or delivery. As online competition increased and sales of our veggie box dropped, this service was no longer a viable option, primarily for the following reasons:

* Our premises are too small to pack and keep orders.
* We do not have a cool room to keep veggie boxes fresh.
* The service required extra co-ordination by staff, which was not affordable in our current position.
* Other online providers (our competition) can provide a much more comprehensive service.

If we do decide to revisit online store options, in addition to the need for larger premises, which are not currently affordable, there is another point to consider, namely the difficulty in providing package-free products, which is one of the Co-op’s main values.

The most sensible way forward at this point, in addition to continuing to diversify product ranges. would be to maintain our current strategy of reducing operational costs, as needed, by increasing volunteer assistance.

Beside our obvious space restrictions, the building that Alfalfa House has occupied for over 30 years is becoming more and more worn around the edges as every year passes. Two recent cases in point are a recurring bee infestation in the ceiling (which sometimes breaks out into our office!), and urgent plumbing repairs that were needed to our rear toilet and drainage.

Equipment maintenance issues continue to present real risks to our daily operations, as they can’t always be addressed promptly or together, due to financial and other considerations. I am pleased to announce though that the Members’ Council (MC) recently approved the purchase of two new office computers – the company that installed them was also able to upgrade the speed of our internal communications systems at the same time.

A recent staff reshuffle, following the departure of our Groceries Manager, Paulo Santos, has allowed us to consolidate and more tightly manage purchasing duties, as well as swap some personnel into different roles. We have also been able to employ a new Co-Manager to take up the role of front of house manager, and be responsible for more of our administrative duties and people management responsibilities. Janet Carberry, who comes to us with a wealth of not-for-profit experience, has been hired to fill this role.

Heartfelt thanks are due to our wonderful staff, all of whom have worked extremely hard through a difficult and uncertain year – your dedication and energy is admirable! Thanks too to our hard-working volunteer team, without whom we definitely couldn’t do as much as we do, and last but not least to our Members’ Council who have helped keep everything on an even keel, sharing their expertise, knowledge, ideas and support for the betterment of Alfalfa House.

In conclusion, the Members’ Council and staff will continue to carefully monitor the Co-op’s performance over the coming months. Our first option is to achieve the shop refurbishments we need in a timely, and cost effective fashion. If this proves unviable, we may need to consider alternatives to improve our situation.

**Allie Cooke**

**Manager**