



Changes to Co-Op Operations

Key points;

- COVID-19 continues to have a significant impact on Co-Op operations and revenue
- The shop has been operating at a loss for the last 5 months
- The shop will operate on a reduced basis while the operating model is reviewed by the board
- A new operating model will be launched in late October after community consultation

Details of the change;

Like the households of our members, the Beechworth Food Co-Op needs to adapt to living with COVID-19. In mid March we announced that our usual retail model would need to change in order to provide a COVID safe environment for our staff, volunteers and members.

In early April the Co-Op transitioned to an online ordering model and while this has been embraced by many within the Co-Op community there is an equally large number of members who since this time are no longer purchasing at the Co-Op. This has had a significant impact on our operating margins as many of our costs are fixed. Consequently the Co-Op has returned a financial loss in each of the last 5 months.

The Co-Op is a non-profit, member owned organisation and operates with minimal cash reserves. If we continue to operate as we are the Co-Op would be insolvent within a few months.

In order to address these challenges the board is currently undertaking a strategic review of the Co-Op with a specific focus on our values and how these shape the relationships we have with growers, suppliers and members. The findings and recommendations from this review will be presented to the membership at the Annual General Meeting in October.

In the meantime however the board has resolved that the Co-Op's remaining cash reserves need to be set aside to ensure the Co-Op has adequate working capital to implement the recommendations of the strategic review. As a result the board has decided to significantly reduce the retail operations of the Co-Op effective from Friday 28th August. Online orders for in-stock products will operate on a weekly basis. Ordering of pre-purchase bulk products will close effective immediately.

This decision will have an impact on our Co-Op community and may be unsettling for some members. This decision has not been taken lightly by the board, however we believe this is a necessary step in order to ensure the Co-Op continues to be part of the Beechworth community and can grow and prosper into 2021 and beyond.

Understandably some members will have queries about this decision and want to know how they can contribute to the review. Further information about the strategic review including a member survey and consultation session will be distributed late next week.

Your board,

Jade Miles, Libby Hosking, Fiona Wigg, Dean Cleave-Smith, Penelope McGufficke, Rebecca Sacco