



A Year of Change

by Randy Whitteker, General Manager

This has certainly been a year of change here at ONFC, the most significant being the relocation to a larger distribution centre. We have also seen changes in staffing and management, some of which were associated with the move, some not. These internal changes have been taking place at the same time that the world around us is changing. The market we're in continues to grow rapidly and consolidate, the digital age is gaining momentum and the effects of global climate change are seen at every turn. It's enough to make your head spin. It is a good thing that ONFC has a plan that is well grounded in a set of solid values that help keep us on course.

We've been consistent in our goal to foster a sustainable food system: a system that sees a "values chain" as one that builds trust based relationships from field to table. This kind of supply chain values fair trade, organic agriculture, locally grown food, healthy people and ecosystems as well as support for co-ops, small enterprise and the family farm. This is the foundation on which ONFC is built, one that will hold steady as we adjust to the changes around us. Though we can agree that change is often necessary it can also be quite disruptive.

There's no doubt that the steady growth of our customers and the market required us to make a move into a larger warehouse. A great deal of thought and planning went into the relocation project, diverting enormous resources throughout the pre- and post-move period. Our goal was to limit the degree of disruption to our customers. The actual move took place in mid-June, resulting in the loss of one business day of service. The combined volume of inventory, pallets and equipment was enough to fill about 25 tractor trailers, all

orchestrated in a way to optimize our order fulfillment rate. We shut down on Friday afternoon and re-opened (albeit without email) on the following Tuesday morning to take orders. It took about 1200 labour hours on the weekend of the move to have everything in place as planned for Tuesday's re-opening.

The greatest compliment came from customers who said that they hadn't really noticed the change.

In the weeks and months that have now followed the move a great deal of adjustment has taken place. Many staff took their postponed vacations, new employees were added as we approached the busy fall season and the new layout and positioning of stock required some getting used to. Through all of this we have experienced remarkable sales growth. Nonetheless, service levels suffered with this post-move 'hangover' that we're still addressing.

The order fulfillment rate has been affected by some internal issues related to the move that we are addressing. The situation is made worse in the eyes of our customers by vendor issues that we often have little control over. The past two months have been plagued by short shipments on a number of key lines, sometimes due to change in ownership (Rapunzel), waiting for new crop to arrive (Champlain Valley) or packaging issues (Spectrum). Other times it has to do with voluntary recalls (Seventh Generation #3 diapers). We are working on ways to communicate when product may be temporarily not available and when we are being told that it will be back in the market. This way, customers are not left with empty shelves for prolonged periods or wondering what the status of the product is.

With the move also came some staff

Membership
Communicate

Everything Good
Under the Sun
For Over 30 Years

changes. We lost a couple of employees around the time of the move and there have also been some internal job positions filled by staff from other departments. Add to this, employees hired to address the rising demand and you have many new staff learning to do their jobs. We have also recently replaced our Financial Manager, Katharine Auslander, who retired at the end of the summer. And Janet Tovey, Sales Manager, has taken the National Sales Manager's role at Eden Foods, Canada. These changes in leadership roles come with an adjustment period for all involved.

Overall, we're confident that the changes at ONFC will lead to positive results. We managed the financial demands of the move very well and are on our way to enjoying another sound fiscal year. We appreciate the loyalty of our customer base that has shown great support for ONFC leading to strong double-digit growth. The Co-op is grounded in a solid foundation of core values. We intend to build strong service levels to support a broad mix of products. With our hard working, dedicated staff and our experienced Board of Directors, we're now in a great position to meet the needs of our customers and members.

Co-operative Ownership

by Graeme Hussey, Board President

The ONFC is a natural health food wholesaler with one differentiating feature: our co-operative structure.

A co-operative business provides common services and goods for its members through a democratic ownership structure. Food co-ops and buying clubs are alternatives to supermarket shopping. They allow people to gain more control over the quality, source and cost of their food.

This ownership structure transcends into the ONFC core business strategy, promoting who we sell our products to, and how we make our long-term business goals and policy decisions.

As a member of the ONFC you have many ways in which you can practice your membership responsibilities and become involved. Members can participate in the Annual General Meeting (in the spring) and elect the Board of Directors. You can also stand for nomination on the Board, or participate on one of its committees, including the finance committee, nominations committee and the Community Development Fund committee.

Over the past few years, strong board cohesion and organizational support of board development has built a committed and knowledgeable Board, consisting of members who represent both retail stores and buying club members. Over the next year the Board will be trying to identify ways to promote member involvement and encourage you to think about the benefits of board membership. In the meantime, members can become more involved in the ONFC by expressing your interest to Kim De Lallo, Member Relations and Education Co-ordinator (kd@onfc.on.ca).

Major long-term planning decisions at the ONFC are made by your volunteer Board of Directors with support

by senior management. An example of such decisions was the ONFC's recent decision to become a member of the Co-operators Insurance Company. As an insurance company, the Co-operators is focusing on being a catalyst for a sustainable society. A key element of such a society includes a sustainable food system, which is what the ONFC hopes to contribute to this effort.

Finally, I would like to thank the staff of the ONFC for their dedication to quality member service throughout the ONFC's very successful move to a new warehouse. A successful warehouse involves complex logistics, and we are fortunate to have a skilled staff complement with such dedicated individuals.

Board of Directors

Group A Members (co-operatively structured):

Don Altman - Karma Co-op (Toronto); Loretta McHenry - London Co-op Store (London); Graeme Hussey (President) - Karma Co-op (Toronto); Matt McAusland (Vice-President) - The Big Carrot (Toronto); Nancy Palardy - Gang Green Buying Club (Toronto).

Group B Members (non-collectively structured):

Gaille Lieberthal - Gaille Lieberthal (Campbellville); Rudi Mogl (Treasurer) - Tara Natural Foods (Kingston); Nan Sears (Secretary) - Nan's Bulk & Basic Foods (Bancroft); Susanna Yeung - Le Commensal (Toronto).