

## the rest:

We researched what other co-ops do to demonstrate on a daily basis the benefits of ownership, and have come up with a few programs that we will begin offering when the owner and senior discounts end. Let us know what you think! Tell us which of these (or other ideas you have) would be exciting to you.

### Plan for Exciting, Sustainable and Flexible Owner Benefits

- Patronage Dividends in profitable years
- Weekly Owner Specials
- Periodic % Off Coupons
- Coupons for Panzanella

### Under Consideration:

We're thinking about adding these as well, but want to know what you think!

- Electronic Coupons
- Truckload Sales
- Discount on Tastings
- Extra patronage dividend credit for purchasing local products

## Who can I talk with?

### Owner Meetings:

Sunday, May 31 7:00 pm Carrboro Century Center  
Wednesday, June 3 7:00 pm Big Barn, Hillsborough

### Owner Tables:

Saturday, May 30 10 am-1 pm Carrboro store  
Saturday, May 30 4-7 pm Southern Village store  
Tuesday, June 2 4-7 pm Carrboro store  
Saturday, June 6 10 am-1 pm Hillsborough store

### Board and General Manager

WSM Board: [board@weaverstreetmarket.coop](mailto:board@weaverstreetmarket.coop)

Ruffin Slater, General Manager: 919 241-1767  
[ruffin@weaverstreetmarket.coop](mailto:ruffin@weaverstreetmarket.coop)



In the February newsletter we wrote to owners about how co-op sales were down significantly making this a challenging time financially for our co-op.

Our staff has taken many steps to reduce expenses, but we are still losing money—an average of \$65,000 a month for March and April. We need to take additional steps to end our losses and return the co-op to solid financial footing.

Your Board of Directors decided on May 20 to change from discounts at the register (owner and senior) to Patronage Dividends starting at the end of June. This change will save our co-op \$60,000 per month, allowing us to essentially break even. We have set up owner meetings and tables at the store to discuss this change with you.

We want to involve you in putting together a new benefit package to replace the existing discounts with a benefit that is sustainable to the co-op, exciting to owners, and flexible enough to accomplish both. Our goal is that by the time it's implemented, every owner of Weaver Street Market understands the need for the change and is involved in helping develop the new benefits.

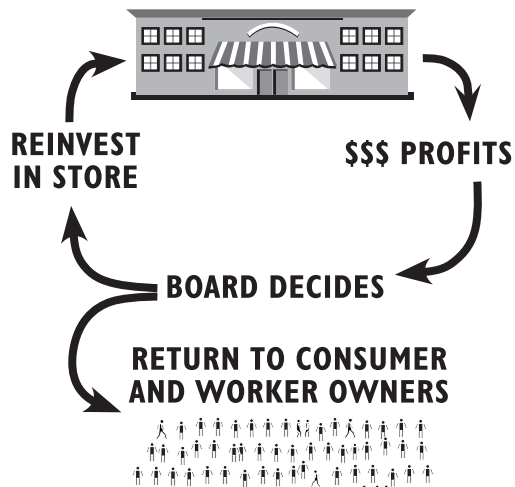
**- WSM Board of Directors**

## the details:

Part of what separates co-ops from other businesses is that co-ops return their profits to owners in proportion to how much they patronize the business. Most co-operatives throughout the world (including REI, Organic Valley, and most natural foods co-ops) do this through a system called Patronage Dividends. Since 1988, Weaver Street Market has returned profits to our owners before we made them, in the form of discounts at the registers. Patronage Dividends provide the co-op with the opportunity to offer a greater number of services to owners and the community.

## here's how patronage dividends work:

The co-op provides its owners with a great grocery store. Every owner purchase is recorded at the registers. When the co-op is profitable, the board and management review plans and obligations, and decide on how much of the profit to reinvest in the co-op. The money that is not needed to reinvest in the business is returned to the owners in the form of store credit or (if requested) a check. Each owner's patronage dividend is based on the amount of their purchases over the fiscal year. (July 1 — June 30)



## the rationale:

Dividends are sustainable, exciting and flexible.  
Discounts are not.

### Sustainable:

Discounts distribute profits to owners before we make them. Dividends allow the co-op to be profitable and to reinvest those profits into services that meet owners' needs and impact the world on their behalf.

### Exciting:

At co-ops that use Patronage Dividends, owners express excitement when they get their dividend notice and see how they have helped to contribute to the success of the business they own.

### Flexible:

Currently, the owner and senior discount levels do not change in relationship to the performance of the co-op or the changing needs of the owners. With patronage dividends, the board decides every year whether to return profits to owners or to reinvest them in improving services.

**Dividends enable a fair return for both consumer and worker owners.**

Worker owners haven't received a dividend in the last two years, while consumer owners have received a discount that averages a 40% return on investment. A Patronage Dividend system for both groups will allow the return to be fairly distributed.

**Dividends are in keeping with the Cooperative Principles.**

Dividends allow for allocation of surpluses according to patronage as outlined in The International Cooperative Principles.

**Dividends reinforce the true relationship between owners and the co-op.**

Discounts at the register foster feelings of entitlement (as an owner, I deserve to pay less) and frustration (why isn't the discount bigger?). When owners receive their dividends, they see that when their co-op succeeds, they benefit.

**Everyone's doing it.**

Over the past 15 years, nearly all of the natural foods co-ops have switched from discounts at the register to a Patronage Dividend system for the reasons outlined.

## the process:

**May 2009**  
Board decides to change from discount to patronage dividend.

**June 2009**  
Board discusses change with owners through brochure, mailing, tabling, and owner meetings.

**End June 2009**  
Discounts at register end (owner and 10% senior).

**July 2009**  
Owner specials and periodic owner coupons begin.

**Jul-Sept 2009**  
Owners provide feedback on the new benefits and on what other benefits we could provide.

**Oct 2009**  
**ANNUAL MEETING**  
Owners evaluate how it is working.

**Sept 2010**  
If co-op is profitable, board decides on distribution of Patronage Dividends.