



\*Mike Violette

## SPRING IS RIGHT AROUND THE CORNER

We are well into the winter months and Punxsutawney Phil did not see his shadow, predicting an early spring. What, you don't believe in Phil and his highly sophisticated meteorological knowledge? In any event, it's great that we have had a good amount of snow on the ground in recent weeks, as it dramatically helps our retailers' business in the

ski and snow mobile areas. Additionally, we can look forward to a boost in sales as we have a number of stores located in the same snow-impacted regions. The days are already getting longer, and this seems to have brightened spirits and encouraged more out-and-about activity, further increasing store traffic.

I hope everyone had a wonderful holiday season and had the opportunity to spend it with family and friends. For AG New England, it was a very solid holiday season; our 3rd quarter was very strong, exceeding our budget for net income by +13.2%. Year to date we are +4.6% over our budgeted net income, and we only just missed achieving our sales budget by -0.2%. However, we did exceed prior year sales by +0.4%. Compared to budget, this was our best sales and net income quarter of the fiscal year, and it has put us in a great position as we head into the last quarter of Fiscal 2019.

Both the AG Supermarkets Legacy Group and the AG Supermarkets VT Group had challenging 3rd quarters. The Legacy Group was under budget for the quarter in regards to both net income and year to date. The VT Group also finished below budgeted net income for the quarter, but remains over budgeted net income for the year. Overall, we continue to be quite pleased with the performance of our Corporate Store Groups.

The biggest challenge we faced this last quarter was with Center Store service levels. Throughout my entire career, I have never experienced the types of shortages we have seen in the past few months. I can assure you our Procurement team has put a tremendous effort into trying to maintain an acceptable service level, but the product cuts and shortages we have been facing are just

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## A REPORT FROM THE BOARD OF DIRECTORS

Since the last issue of the Distributor published in October, your Board has worked on a number of important issues. At the December Board meeting, Mike Violette congratulated Board Member, Terry Appleby, on his recent induction into the National Cooperative Hall of Fame. The formal induction ceremony will be held in Washington DC this coming May. This is a prestigious honor, bringing Terry into a very select group of Cooperative Leaders throughout the world. They will be recognizing Terry for his more than 40 years of leadership in the Cooperative industry, amplified by his leadership of the Hanover Cooperative in Vermont over the past 25 years. We feel very fortunate to have someone of Terry's caliber sitting on the AG Board. Congratulations to Terry and we wish him the very best in his retirement.

Steve Murphy, AG's CFO, discussed the Company's multi-employer 401k plan, including the results of the recent audit that found no significant corrections or misstatements to report. It was noted that the 401k plan currently has almost \$52 million in assets, which is a strong indication of the success of this plan with the membership since its inception. As your Board Chairman, I highly recommend that if you haven't taken advantage of this program, you should strongly



\*Mike Daley

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# Distributor

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## A REPORT FROM THE BOARD OF DIRECTORS

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reconsider doing so. 401k programs are great for not only attracting employees, but they are also a great tool for retaining key associates during this period of historically low unemployment.

At the December Board meeting, a presentation was given by Joe Finnigan, Retail Pricing Manager, on the proposed new Retail Pricing system and the related benefits that the new program will bring to our Retailers. Josh Button updated the Board on the conversion of First Data from ROFDA to TOPCO. Josh also highlighted ever increasing ways in which to reach your customer base, such as our Webstop program, e-commerce and of course, Facebook. We find success in members who stay on top of these platforms, through increased customer-counts and corresponding sales at stores that actively engage in social media.

At the December meeting, we also welcomed the following new Members: Sherman Thriftway in Sherman, Maine, and Aldrich's General Store (new ownership) in N. Haverhill, New Hampshire.

At the January meeting, company CFO, Steve Murphy, presented the 3rd quarter results and year-to-date numbers. Consolidated net income is running ahead of both budget and prior year in both the quarter and year to date. Sales remained ahead of the prior year, but did not achieve budget, with much of the shortfall being attributed to the low-margin cigarette category. Operating expenses, however, continued to remain below budget. That coupled with strong gross margins and close to budgeted other income, made for another successful quarter for your Cooperative.

SVP of Sales, Ed Rawson, gave an update to the Board on Specialty Food sales through the warehouse. He noted a 10.5% increase in sales as significantly more product is being carried in house versus third party vendors such as UNFI, Chex and Associated Buyers.

At the January meeting, the Board was also presented with the results of a customer survey that went out to our member stores, asking them a series of questions regarding the level of services provided by your Cooperative. I want to thank the many retailers who participated in this critically important study. The majority of the respondents gave us some great detailed explanations, which we reviewed with the entire Board and members of the Senior Team. I'm proud to report that the responses were overall very positive, but we do have some areas we need to improve on, and that is exactly what we are working to do. Again, thanks for taking the time to give us your feedback.

At this same meeting, the Board also approved an expansion of the LIFE program through the end of the fiscal year. Members have once again really embraced the program that makes it easy for them to get low interest financing on their store equipment purchases through ALC. This year alone, we founded over 50 member loans, totaling more than one million dollars.

We also welcomed the following new Members: The Daily Market LLC in Dorchester, MA, Nova Siri LLC dba Lincoln's Country Store, in Warren, ME and M & N Inc., dba Athens Corner Store (new ownership), in Athens, ME.

As always, it is great to be serving as your Board Chairman and with your support, along with the support of the great team at AG, we will continue to thrive in this ever-changing retail environment.

Best wishes to all our Members,  
Your Board of Directors

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# WHO IS AGSVT?

Near the end of January 2018, Associated Grocers of New England acquired the five stores of long-time customer, Comeau Family Markets, and with it, over 200 new associates. An acquisition can be a huge feat to undertake, but AG was fortunate enough to work with the incredible people of what is now referred to as Associated Grocers Supermarkets of Vermont, making the transition entirely seamless; a year later and business is still going strong. AG is proud to introduce you to a few of the major players who truly made this past year such a success.



*\*Ben Learned*

## **Ben Learned, Jericho Market Store Director**

**Work Experience:** Ben has 18 years experience in the industry. He started working at Shaw's in 2001 right after high school where he quickly became a Produce Manager. He stayed with Shaw's until 2014 when he came to the Comeau Family Markets as a Produce Manager in Richmond. Over the next few years, Ben was promoted and moved between stores to fulfill business need: Assistant Store Director/Grocery Manager of Jericho Market in August 2016, Store Director of Richmond Market in 2017, Store Director of Village Market in April 2018, and most recently back to the Jericho Market store as Store Director as of June 2018.

**Family:** Wife (Ashley), 12-month-old daughter (Ava) and a big orange cat named Oliver.

**Interesting Fact:** Big Boston sports fan—GO PATS!



*\*Laci Flanagan*

## **Laci Flanagan, Richmond Market & Beverage Store Director**

**Work Experience:** Laci began her career in the industry 18 years ago when she started at Hannaford's part time, closing the bakery after school. At age 19, she left Hannaford's to be the Seafood Manager at Shaw's where she stayed for almost 12 years. Searching for a change of pace and a sense of freedom, Laci came to Richmond Market. She was eager to use her creativity and have more control over her department, which was a goal she was able to accomplish; after only one year overseeing the Produce Department, Laci was promoted to Store Director of Richmond Market.

**Family:** Boyfriend (Justin), and 10-year-old fur baby (Howie).

**Interesting Fact:** Laci has lived in Vermont her entire life, and just bought her first home last year. She enjoys going to concerts and being outside.



*\*Paul Quirini*

## **Paul Quirini, Shelburne Market Store Director**

**Work Experience:** Paul has 36 years of retail experience. He was born in Rhode Island, and graduated from Bryant University with a Bachelor's in Marketing. He worked at a local produce/grocery store in Providence, RI, where he learned all aspects of the produce industry including buying at the wholesale market. After graduating, Paul bought the store and sought to carry on, if not further improve, the already strong reputation amongst the community. Later on after selling the business, he started working at Shelburne Market in 2000 as a Produce/General Manager. Over the past 18 years, he has developed strong customer and business relationships by doing what he loves: providing the best customer service and quality of product to the Shelburne, VT community and beyond.

**Family:** Beautiful wife and three children.

**Interesting Fact:** Paul originally wanted to pursue a career in the medical industry, specifically pharmaceuticals.



*\*Nick Brien*

## **Nick Brien, Richford Vista Store Director**

**Work Experience:** Nick has 13 years experience in retail, but started at the Comeau Family Markets in 2016. He was most recently the Deli Manager of Shelburne Market before being promoted to Store Director of the Richford Vista in October 2018.

**Family:** Lives in South Burlington, VT, with his girlfriend of 6 years and two young cats

**Interesting Fact:** Nick produces and masters his own audio/music.





\*Mike Trackim

### **Mike Trackim, Village Market of Waterbury Store Director**

**Work Experience:** Mike has been the Store Director at Village Market of Waterbury since June 2018 when he joined the AGSVT family. Prior to that, he was involved in the convenience store world as a Store Manager and Beer/Wine Buyer for Jolley Associates for almost seven years.

**Family:** Wife (Rachel) and two beautiful daughters, ages 2.5 and 4.

**Interesting Fact:** Mike can (proudly!) recite the movies Frozen, Trolls and Tangled, word-for-word. He can also hit all of the high notes in the songs from those movies, although his girls do not always appreciate this talent.



\*Bobbi Gillespie

### **Bobbi Gillespie, Johnson Sterling Market Store Director**

**Work Experience:** Bobbi started at Grand Union as a part time employee, but she kept working there while pursuing a Business degree at Champlain College years later. While at school, she earned a certificate in Grand Union's Management Program. After graduating college, Bobbi completed a four-year tour in the United States Air Force as a Law Enforcement Specialist. In July 2013 she joined the Comeau Family Markets as the Store Director at Richmond Market before being transferred to Johnson Sterling Market in May 2016.

**Family:** Husband (David), two adult children, two step-sons, a grandson, and two of David's grand-daughters ages 4 and 6 whom they recently adopted. Bobbi makes light that her family is made up of his, hers and theirs.

**Interesting Fact:** Bobbi graduated with a 3.94 GPA from Champlain College where her daughter, Erin, also graduated from in 2016 with a pre-law degree. This makes them legacy graduates.



\*Dan Young

### **Dan Young, Newport Vista Store Director**

**Work Experience:** Dan has been in the industry for almost 23 years. He has worked for several different companies including Grand Union, Shaw's, and Price Chopper. Dan started at Comeau Family Markets in 2014 and was promoted to Store Director of Newport Vista in June 2018.

**Family:** Married with two boys (Taran age 8 and Elias age 5).

**Interesting Fact:** Dan has been a musician since age 15, and has played with bands from Vermont to Florida. In his own words though, he is "mostly a bedroom rock star these days!"



\*Michael Evans

### **Mike Evans, VP & General Manager of AGSVT Stores**

**Work Experience:** Mike worked as a Store Manager for Acme Markets throughout Philadelphia before working for Shaw's in Connecticut and Vermont as a Senior Store Director for 17 years; combined, he has over 34 years of experience in the industry. Mike was the VP of Operations and HR of Comeau Family Markets for several years before the Company was acquired by AGNE. He earned his Bachelor's in Business Management from the University of Phoenix and is now currently pursuing a Master's degree in Business Management.

**Family:** Mike currently lives in Jericho, VT, with his wife Kelly, two rescue pups Shelby and Sadie, along with 2 cats. He has three daughters and two grandchildren.

**Interesting Fact:** Mike served in the United States Marine Corps for 6 years in Combat Arms and Material Operations Specialist. Mike continues to serve in the Vermont National Guard overseeing range safety and retention of soldiers. Mike likes to travel to the Caribbean, and visit his children and grandchildren.



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unprecedented. Recently, between 60-70% of our "Out of Stocks" have been a result of our vendors being out of stock themselves. Often times we do not even know what we will be receiving until the truck pulls up to our dock. Our Procurement teams are constantly chasing down products and cutting new purchase orders. The trucking shortage is further magnifying this problem as product is frequently waiting at our suppliers docks until they can find a carrier to deliver it. We have tried to backhaul products with our own drivers whenever we can to help alleviate this issue.

The current trucking situation, involving a national truck driver shortage, continues to be a growing problem. We have been fortunate to have enough AG drivers to deliver to our stores, but it will be increasingly challenging to maintain as we enter our busier summer months. Supermarket News recently reported that at the start of 2018, there was only one truck available for every twelve loads that needed to be moved. According to the American Trucking Associations, the industry is now at least 50,000 drivers short, a number that could rise to 174,000 by 2026. The other side of transportation issues is the dramatic cost increases in moving freight. The cost of moving a truckload of refrigerated food cross-country from Washington to New York was \$8,450 in early January. Just a few weeks later the cost for the same truck traveling the same route jumped 18% to \$10,000. The U.S. Department of Agriculture estimated the cost of shipping food east from California was nearly 25% higher compared to a year earlier during the same time.

I am not trying to make excuses for our service levels, I just feel it is important that we all understand the challenges we are facing. We have to constantly re-evaluate how we

are buying product and who we are buying product from. We will continue to seek out alternative sources and assess our processes. These challenges are affecting our entire industry, with a particular prevalence within wholesale food distribution.

The Food Club conversion continues to move forward although we have been plagued with both trucking and product supply issues as aforementioned. There is a shortage of private label packers and the demand for private label products is at an all-time high. The Wal-Mart's, Aldi's and Lidl's of the world are putting tremendous pressure on packers to supply them with more products, ultimately amplifying the problem. The good news is that our consumers are accepting the Food Club label very favorably and the majority of the labeling is attractive.

Our recruiting team continues to be very active in recruiting both drivers and warehouse selectors. It has been challenging to achieve a full staff, as many local companies are fighting for the same candidates, but we are gaining ground. We recently had a job fair at AG which 28 potential candidates attended, and in the coming weeks we will be bringing on at least ten of these individuals as new selectors. The job fair was so successful that we will be having another one in early March. The recruiting team does more than just working on recruitment, however. They also continually seek out how we can improve our retention of associates in such a competitive market. With the extremely low unemployment rate we have been experiencing, it is likely going to continue to be a challenge for some time to come.

It was another busy quarter for our AG associates and the amount of wonderful work they have done volunteering at and donating to local charities has been overwhelming; I would like to highlight some of the major events they have participated in. Our Corporate stores,

along with some of our Board Members, raised more than \$34,000 for the Real Men Wear Pink campaign, representing more than 70% of the money raised by the NH chapter. Our Making Strides Team, "Cancer Busters", raised a total of \$6,875 exceeding their \$5,000 goal for the American Cancer Society. A group of AG associates also participated in the Capital Region Holiday Food Program where donated food products are sorted and assembled into food boxes that are distributed to families in need. Around the holidays, associates participated in the Boy's and Girl's Club Stars Program, which resulted in over 20 children receiving Christmas gifts. I am so proud of how much our team gives back to their communities, truly exemplifying our Mission Statement every day.

Think Spring

—Mike



## MEET AG'S NEWEST FACES ON THE ROAD



\*Scott Foss

### **Scott Foss** **ACG Business Development**

"I live with my wife, Linda, in Carmel, ME, where we have been for the past 30 years. We have two children and six grandchildren who also reside in Carmel. I started in the business in high school when my parents owned a convenience

store. In 1983, I went to work for a small wholesaler called Morin Candy. In 1986, we were bought out by Reid Confectionary, a company out of Houlton. I was there for about 30 days when Pine State Trading picked me up. 30 years later in 2016, Core Mark came in and purchased PST. I left there at the end of 2018 and started with AGNE 01-01-2019. I really enjoying meeting new people and look forward to a new venture."



\*Vonda Kittredge

### **Vonda Kittredge** **Retail Bakery/Deli Specialist**

"I started at AG as a Retail Bakery/Deli Specialist in November of 2018, bringing my 34 years of Deli/Bakery experience with me. I love spending time with my 7-year-old grandson, Gabriel, as well as visiting the ocean as much as I can during the summer."





## Upcoming Events

**Wednesday, March 20, 2019**

Pre-registration is encouraged,  
and is now open.

Online Ordering: 2/26-3/26



## MEMBERS AND CUSTOMERS



- Paul Greenan

Since the fall issue of the Distributor, we welcomed the following new customers:

**From New Hampshire**, Leo's One Stop of Claremont, NH; Monroe Country Store of Monroe, NH and Ayotte's Market in Hudson, NH as well as a change in ownership at Aldrich General Store, of North Haverhill, NH.

**In Massachusetts**, Hubbardstown Liquor and Market in Hubbardstown, MA; Denny's Liquor in Bellingham, MA; Leominster Market in Leominster, MA; Country Store at Jiminy Peak in Hancock, MA; Pride in Hadley, MA; Brewster Village Market in Brewster, MA, as well as a change of ownership at Millstone Farm Market of Sunderland, MA.

**In Maine** we welcome The Lake Store in Norway, ME; as well as Town Line Video Plus in Warren, ME; Fox Brook Variety in Dover-Foxcroft, ME; as well as change of ownership at two member stores; Lincoln's Country Store in Warren, ME; and Athens Corner Store in Athens, ME.

Last but not least, **from the State of Rhode Island**, a change in ownership at Wilbur General Store in Little Compton, RI.

The associates of AG New England, wish a warm welcome to these new customers.

## ALDRICH GENERAL STORE: THE NEXT CHAPTER

At the end of November 2018—when it didn't hurt your face to walk outside in the negative temperatures!—a long-term customer of AG New England changed ownership; Aldrich General Store of North Haverhill, NH, was sold by Phil and Rose Tucker to Victor and Kim Dube, along with their daughter, Kristin, and their son-in-law, Sean.

Phil's parents purchased the store on July 1, 1976, from the Aldrich Family. When Phil's father passed away, he stepped up to assist his mom, Renie, with the operation of the store, running and growing the business from 1979 to 1986. At this time, with years of experience and a budding passion, Phil bought out his mom and was the sole owner of Aldrich General Store. In June of 1996, Phil relocated the store from its original footprint to a property off Dartmouth College Highway. This new store was more modern and much larger than the former, allowing for an expanded meat and deli department, as well as a much larger cooler for beer, soda, and dairy products. Moreover, the new location was equipped with state-of-the-art pumps and a canopy system to allow for the addition of gasoline sales, along with a new loading dock and back room area to ensure more efficient deliveries and expanded storage space.

Something that truly set this store apart from others was their ingenuity and forward thinking; Aldrich General Store was always looking for new ideas, product offerings and the latest food trends to provide to their customers. They were actually one of the first stores of its size to offer cry-o-vac marinated meat products, which helped further elevate an already successful meat department. Also ahead of the times was the option to purchase deli specials or even meals-to-go, something we see everywhere today, but that was not then yet popular.

Phil and Rose have always been strong supporters of their community, which resulted in an equally supportive and loyal customer base in return. Aldrich General Store has been an integral part of the North Haverhill community for decades, and many long-term friendships were developed between the Tucker family, their customers and the vendor community during that time.

Phil has always been an active owner/operator and has been involved in many industry associations. He has been a long term Board Member and Officer with the NH Grocers Association, as well as serving AG New England as a Board Member and a former member of the Retail Advisory Council. Phil was also involved as an active member of the Lion's Club, and was a member/former chairman of the local school board. In their spare time, Phil and Rose enjoy traveling, especially to their favorite spot in Aruba.

At this time we would like to say, "thank you," to Phil and Rose Tucker as they move onto the next chapter in their life; the grandkids will certainly keep them on their toes! We also wish The Dube and Greene families nothing but continued success and prosperity as the new owners of Aldrich General Store, carrying on the family-oriented legacy.