

Oneida Business Committee Agenda Request

1. Meeting Date Requested: 5 / 10 / 17

2. General Information:

Session: Open Executive - See instructions for the applicable laws, then choose one:

Agenda Header:

Accept as Information only

Action - please describe:

3. Supporting Materials

Report Resolution Contract

Other:

1.

3.

2.

4.

Business Committee signature required

4. Budget Information

Budgeted - Tribal Contribution

Budgeted - Grant Funded

Unbudgeted

5. Submission

Authorized Sponsor / Liaison:

Primary Requestor/Submitter:

Your Name, Title / Dept. or Tribal Member

Additional Requestor:

Name, Title / Dept.

Additional Requestor:

Name, Title / Dept.

Oneida Business Committee Agenda Request

6. Cover Memo:

Describe the purpose, background/history, and action requested:

Attached is the Oneida Retail second quarter report for FY17.

- 1) Save a copy of this form for your records.
- 2) Print this form as a *.pdf *OR* print and scan this form in as *.pdf.
- 3) E-mail this form and all supporting materials in a **SINGLE** *.pdf file to: BC_Agenda_Requests@oneidanation.org

Oneida Tribe of Indians of Wisconsin

Oneida Retail Report –

2nd Quarter FY17

October 1, 2016 – March 31, 2017

Michele Doxtator



A good mind. A good heart. A strong fire.



Table of Contents

Oneida Retail Enterprise	2
Retail- Consolidated.....	2
Cigarettes	6
Fuel.....	7
Oneida Retail Employees	8
Interim Marketing Director.....	9
Assistant Retail Profit Area Manager	9
Vacation/Personal Hours	9
Payroll	10
Disciplinary Actions	10
Internal Security Reports 2 nd Quarter	11
Marketing.....	11
Marketing Team.....	11
Inventory Improvement Process.....	12
Diamond for Dollars	12
Operations	12
Intra-Tribal Charge Fuel and Commercial Charge Accounts	12
Isbell Smokeshop	13
Drive Offs	13
Strategic Acquisition	13
FY18 Budget	14

Oneida Retail Enterprise

The following is a brief update on projects and happenings within Retail and is not meant to cover the day to day detail, but an overview of Oneida Retail Enterprise (ORE) activities.

Our Vision Statement comes from the Tribe's vision;

A Nation of strong families built on Tsi Niyukwaliho T[^] and a strong economy

Our Mission Statement is;

“To generate profit for the prosperity of the Oneida Tribe”

FY 17 Year to Date Financial Information – March Profit and Loss Statements (BUDPLCOM_3.31.17 & ENTINCSTMT 3.31.17)

	FY17 YTD Actual	FY17 YTD Budget	FY16 YTD Actual
Sales	\$27,732,601	\$34,255,748	\$28,116,285
Cost of Sales	\$21,130,835	\$25,988,009	\$20,815,097
Gross Profit	\$6,601,766	\$8,267,739	\$7,301,188
Expenses	\$3,281,968	\$4,038,742	\$3,433,932
Net Profit	\$3,319,798	\$4,228,997	\$3,867,256

After six (6) months of operations ORE is worse than budget by \$909,199 and worse than previous year by \$547,458.

ORE recently changed the cigarette pricing strategy to compete head on with Kwik-Trip Expresses. The Kwik-Trip (KT) Expresses are smaller convenience stores that do not offer hot food or the full beverage island, the KT Expresses shelf price on a pack of cigarettes was .01 less than our shelf price.

Retail- Consolidated

	YTD	Budget	Prior Year
Sales	\$27,668,594	\$34,206,679	\$28,062,813
COGS	\$21,119,313	\$25,988,009	\$20,799,830
Gross Profit	\$6,549,281	\$8,218,670	\$7,262,983
Payroll	\$1,806,223	\$2,279,395	\$1,674,677
Operational Expenses	\$1,423,260	\$1,710,278	\$1,721,050
Net Profit	\$3,319,798	\$4,228,997	\$3,867,256

Categories

	YTD Cigarettes		
	Actual	Budget	Prior Year
Sales	\$16,744,279	\$21,276,788	\$17,761,850
COGS	\$11,437,222	\$14,938,247	\$11,933,821
Gross Profit	\$5,307,057	\$6,338,541	\$5,828,029
Carton Sales	270,800	350,791	288,849
Profit Per Carton	\$19.60	\$18.07	\$20.18

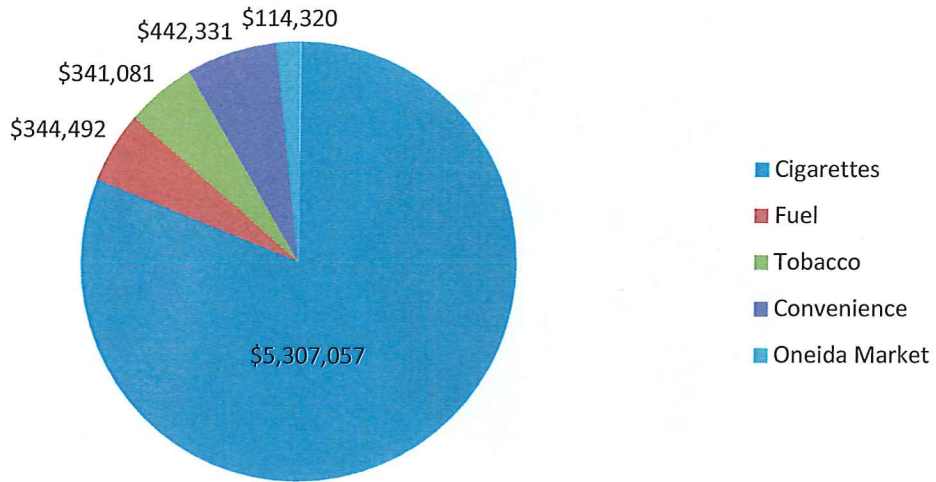
	YTD Fuel		
	Actual	Budget	Prior Year
Sales	\$7,783,248	\$9,597,879	\$7,525,504
COGS	\$7,438,756	\$8,817,521	\$6,950,357
Gross Profit	\$344,492	\$780,358	\$575,147
Gallon Sales	2,429,830	3,547,032	3,828,640
Profit Per Gallon	\$0.14	\$0.22	\$0.15

	YTD Tobacco		
	Actual	Budget	Prior Year
Sales	\$928,636	\$981,186	\$899,243
COGS	\$587,555	\$645,116	\$558,961
Gross Profit	\$341,081	\$336,070	\$340,282

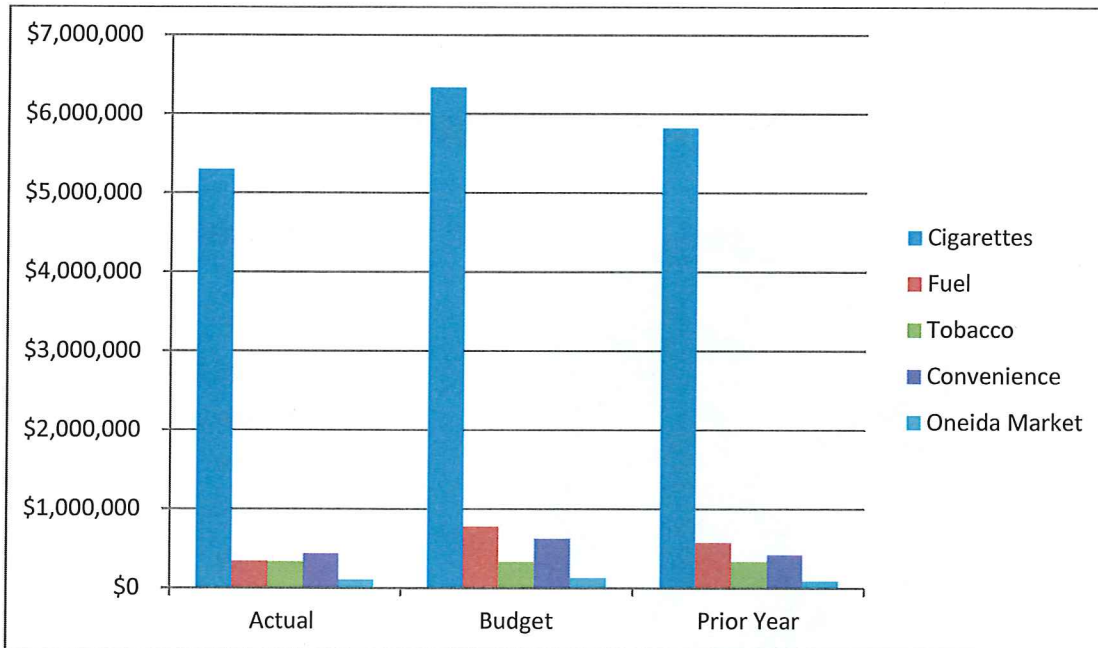
	YTD Convenience		
	Actual	Budget	Prior Year
Sales	\$1,773,730	\$2,011,565	\$1,555,418
COGS	\$1,331,399	\$1,380,633	\$1,130,609
Gross Profit	\$442,331	\$630,932	\$424,809

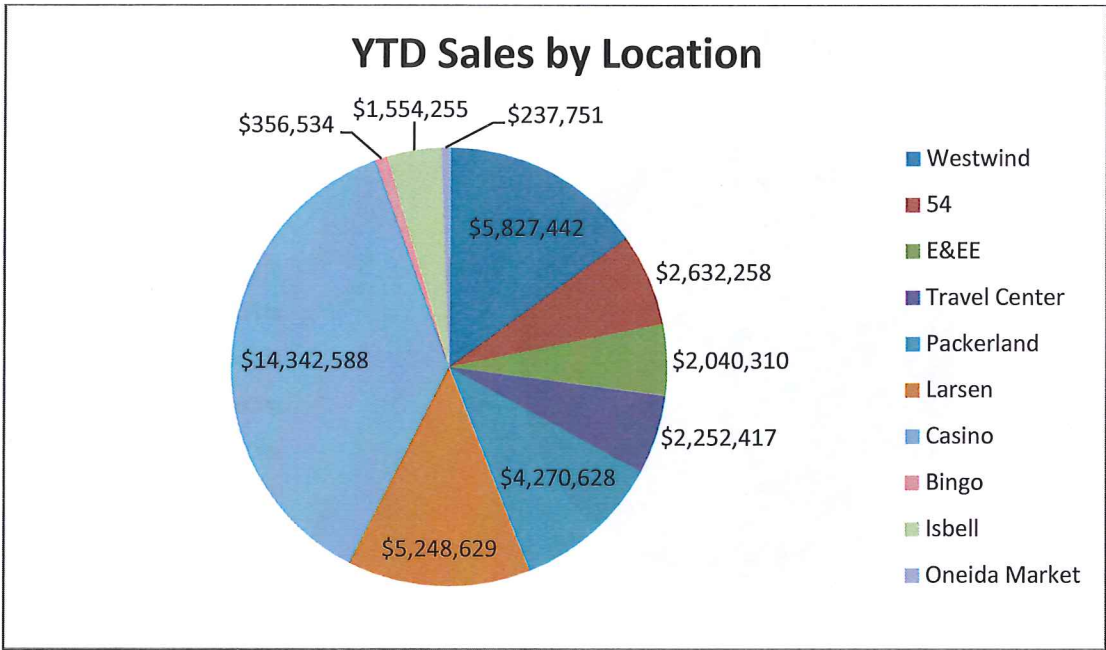
	YTD Oneida Market		
	Actual	Budget	Prior Year
Sales	\$438,701	\$339,261	\$320,798
COGS	\$324,381	\$206,492	\$226,082
Gross Profit	\$114,320	\$132,769	\$94,716

YTD Actual Gross Profit by Category

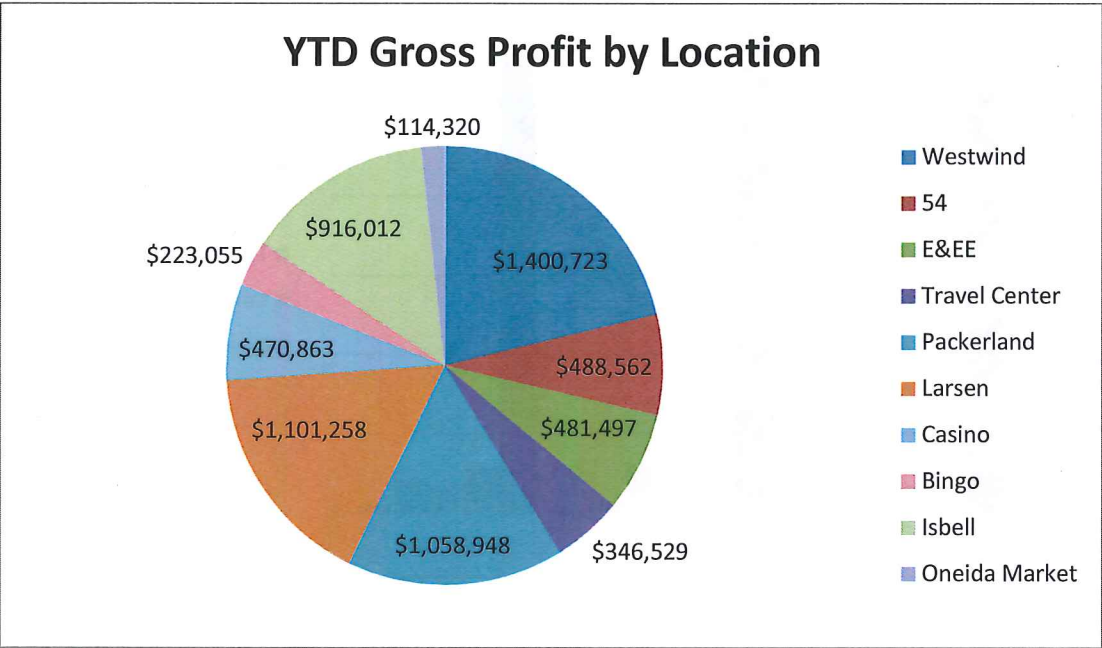


Cigarettes account for 81% of the ORE's total gross profit, followed by Convenience at 7%, Fuel & Tobacco at 5% each with the Oneida Market Gross Profit at 2% of the total.



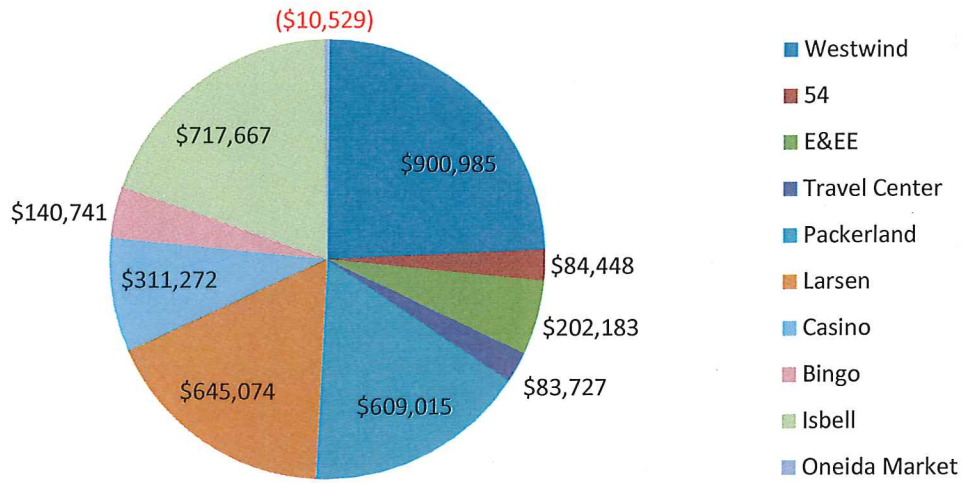


The four (4) Green Bay stores (Westwind, Packerland, Larsen and Isbell) account for 65% of the sales.



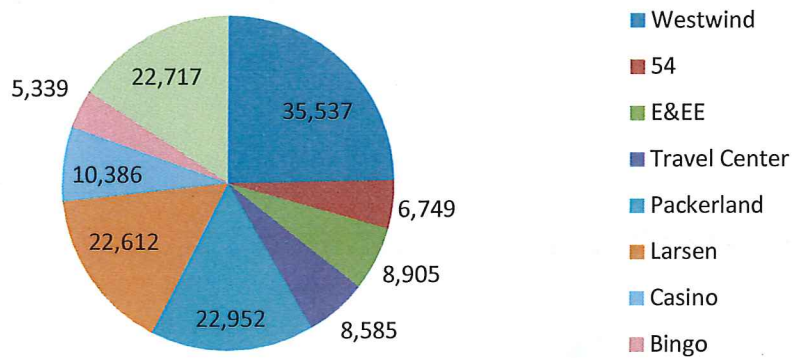
The four (4) Green Bay stores (Westwind, Packerland, Larsen and Isbell) account for 68% of the gross profit.

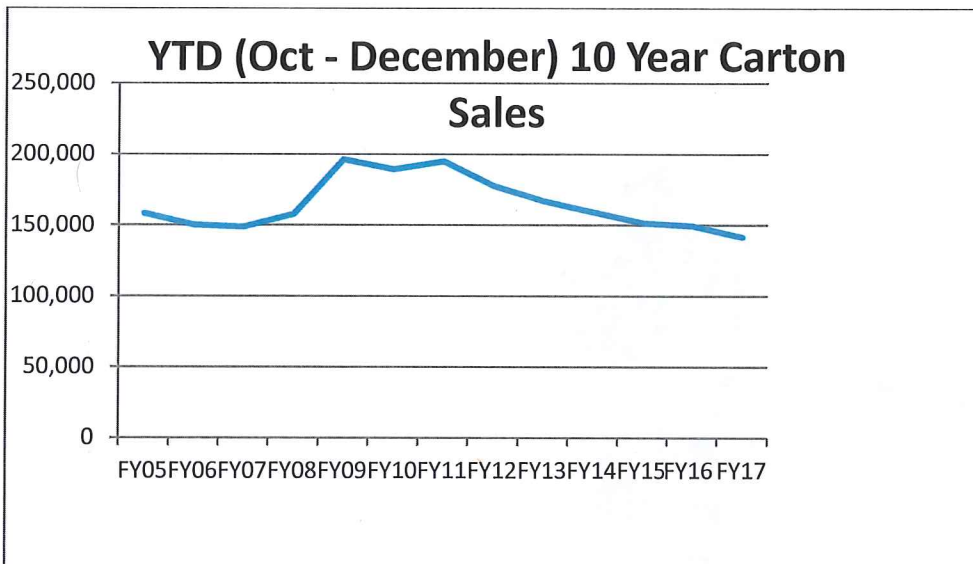
YTD Net Profit by Location



Cigarettes

YTD Carton Sales By Location

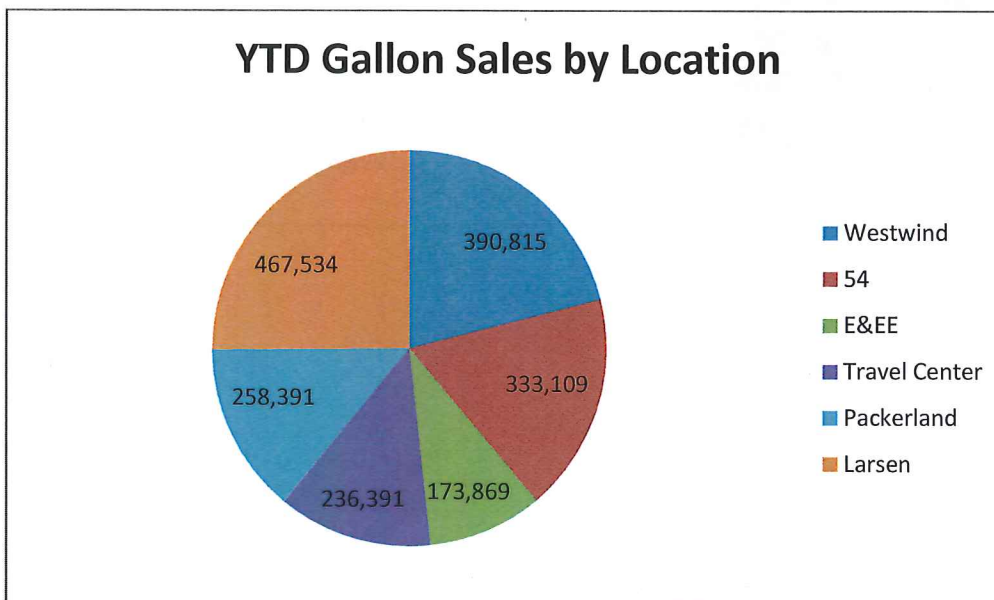


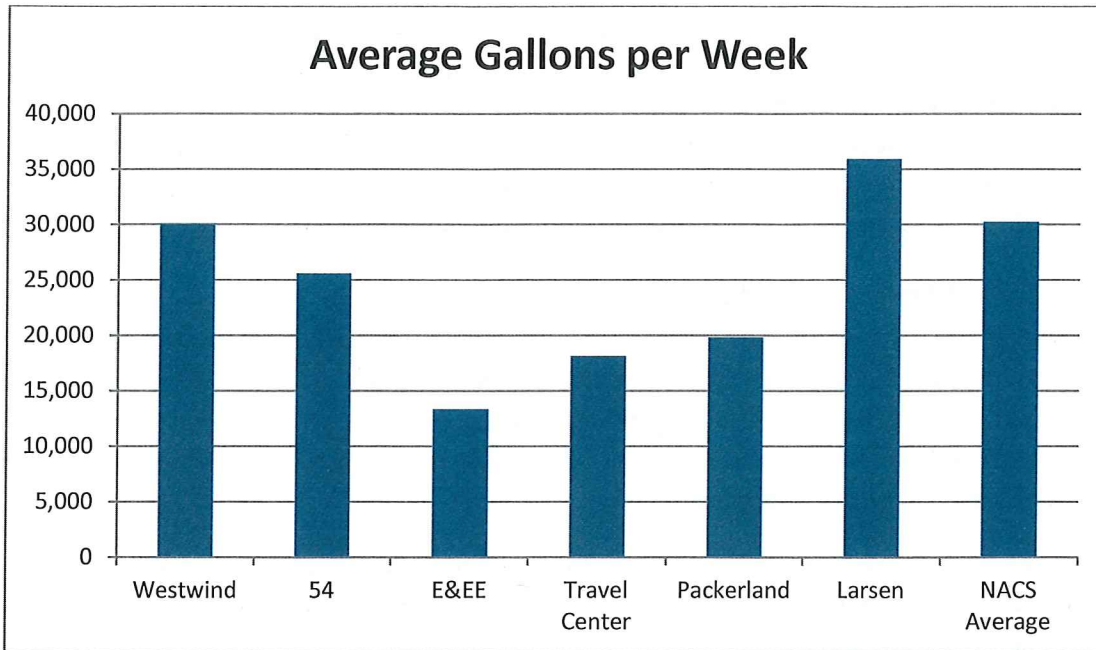


The average Convenience store sells 106 cartons per week (S. Abraham & Sons) in the state of Wisconsin. One average the Oneida Stops and Smokeshops sell 1,229 cartons per week. This is due to the large price differential as a result of the cigarette excise tax agreement with the state of Wisconsin. The price differential averages \$13.00 per carton. The average gross profit per carton is \$19.60.

In general the Cigarette manufacturers increase the price of cigarettes two (2) times a year, in December and June. This past May the Cigarette price increase was .75 per carton, Oneida Retail increased the retail price by 1.00 per carton, increasing the gross profit per carton by an additional .30 per carton. Should all trends remain the increase will result in an additional \$155,000 in gross profit for FY16.

Fuel

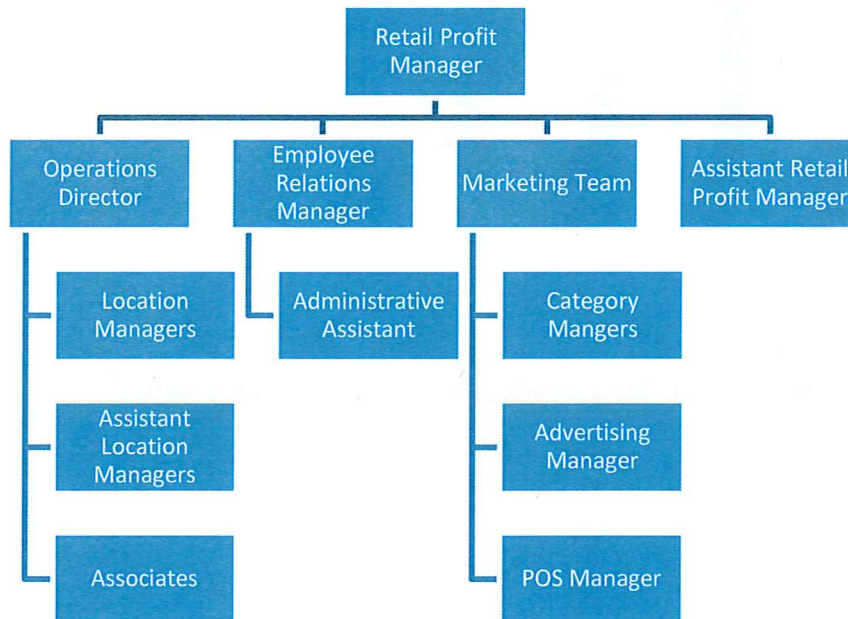




The average Convenience store sells 33,145 (NACS SOI 2014 Report pg. 9) gallons of fuel per week. The Oneida One Stops on average sold 28,896 gallons per week in the second quarter of FY17. The average profit per gallon is \$.14. In general there are 3 factors in determining the retail price of fuel: Cost of fuel, Competition pricing and fuel in the ground. When the cost of fuel is rising ORE is one of the last to increase prices, the opposite is also true. When the cost is declining ORE is one of the first to decrease the price of fuel.

Oneida Retail Employees

Oneida Retail Enterprise Organizational Chart, with the Retail Profit Area Manager reporting to the Oneida Business Committee.



The organizational chart reflects the anticipated changes within ORE administration.

Interim Marketing Director

Don Denny retired on December 30, 2016 for Oneida Retail Enterprise. Don has held various positions within Retail for the past 34 years, from Associate, Location Manager, Operations Manager, and Category Manager to the Interim Marketing Director for the past 18 months.

Assistant Retail Profit Area Manager

The Marketing Director position will be replaced with an Assistant Retail Profit Area Manager position. The Assistant Retail Profit Area Manager will be responsible to assist with the development of operational plans, policies, and continuous improvement initiatives: communications and public relations activities. Interviews for this position are scheduled for May 16th with three (3) qualified applicants.

The Marketing Team coordinates the activities of the advertising, marketing, category management and the point of sale (POS) to function more effectively and cross train. Falling Leaves Webster has been promoted to the second Category Manager, replacing the POS Assistant. Falling Leaves has been with Retail for 21 years, with 19 years as a Location Manager.

On March 31, 2016, there were 119 Retail Employees with an average of 7 years of service.

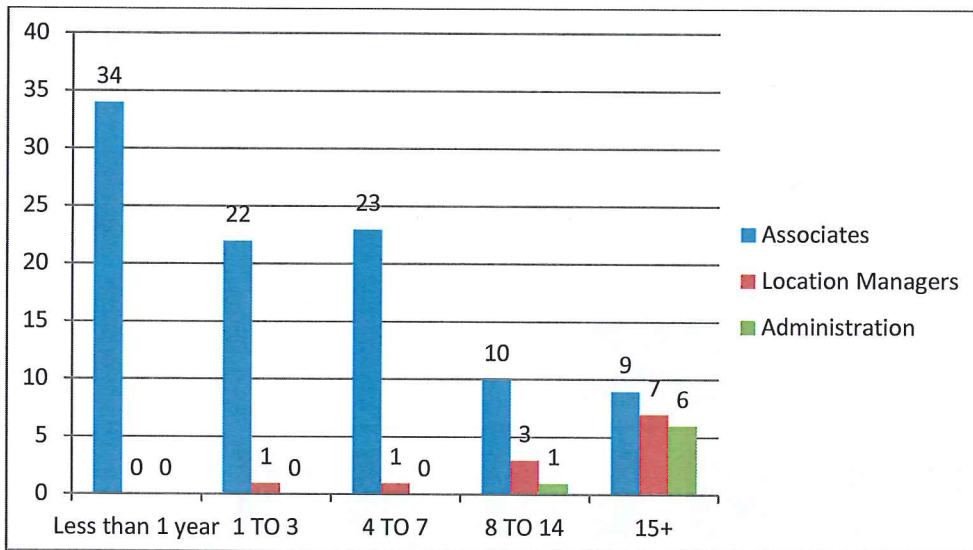


Figure 1 Retail Associates Years of Service

Vacation/Personal Hours

ORE employees we have the following accruals at the end of September 2016:

Vacation Hours	4,639
<u>Personal Hours</u>	<u>2,832</u>
Total	7,471

Nine (9) Retail Employees have accrued over 200 hours of vacation/personal time as of March 31, 2017. Two (2) of the employees that have accrued over 200 of vacation/personal hours are in Retail Administration, seven (7) of the employees are Location Managers and Assistant Location Managers.

Payroll

YTD payroll was \$1,806,223 compared to the YTD budget of \$2,279,359 resulting in a savings of \$473,136. \$47,000 of the savings is due to the .40 increase has not been provided to ORE employees, the remaining positive variance is due to trending and staff vacancies and/or staff shortages. When compared to prior year's payroll of \$1,674,677 payroll is more than FY16 YTD by \$131,546. YTD overtime was \$11,201 compared to prior year overtime of \$4,468, and is included in the overall payroll information above. A primary driver in the increase of overtime is the change from exempt to non-exempt for the Location Managers.

	Actual	Budget	Prior Year
Store Operations	\$1,508,482	\$1,912,096	\$1,355,049
*Overtime	\$11,201	\$0	\$4,468
Administration	297,741	\$367,299	\$319,628
Overtime	\$0	\$0	\$321
Total	\$1,806,223	\$2,279,359	1,674,677

*Overtime is included in the total of Store Operations and Administration.

In an effort to encourage employees to work the third shift and opening the stores ORE will be increasing the shift differential to \$2.50 an hour from 11:00 PM until 6:00. The impact to the FY17 Budget will be less than \$10,000. The current differential is \$1.00 per hour for third shift.

Disciplinary Actions

23 Disciplinary Actions were provided to Oneida Retail Employees from January 1st to March 31, 2017

16 Written Warnings

Attendance	10
Work Performance	2
Personal Actions	4

Five (5) Suspensions

Attendance	3
Personal Actions	2

Five (5) Terminations

Attendance	4
Work Performance – Theft	1

Three employees received more than one infraction on a disciplinary notice; an example would be an employee could have been terminated for attendance and more than three (3) upheld disciplinary actions.

A Disciplinary action was voided by HRD for not providing the paperwork within 24 hours to HRD and the Area Manager.

Internal Security Reports 2nd Quarter

In the second quarter of FY17 the Internal Security Department issued 78 incident reports (IRs) on the procedure infractions ranging from cell phone use to suspicious activity. In the first quarter of FY17 there were 229 IRs. The IRs are sent to my office and I forward them to the Operations Director and the Location Manager to follow up with the Associates. The Managers have issued verbal written warn with expectations to improve, followed by progressive disciplinary actions if the behavior continued.

	Cell Phone Use	Eating/sitting behind the counter	No Badge	Uniform	Unattended counter	Suspicious Activity	*Total
Westwind			3				3
54		1				1	2
E&EE			3	2			3
Travel Center	8	1	26	4	6	6	41
Packerland			8				8
Larsen	2	3	16	2	1	2	24
Casino			1				1
Bingo			1				1
Isbell			1	1		2	3
Oneida Market							0
Total	10	5	59	9	7	11	101/78

*Multiple infractions on one incident report

Marketing

Marketing Team

ORE is refocusing the direction of the Marketing Area. The Marketing Director position will not be filled. The two Category Managers Angela Parks, Dan Habeck, the POS Manager, Laura Lane and the (currently vacant) POS Assistant position will be working in a team environment to focus on the four (4) Ps of Marketing; Product, promotion, place and price. The Marketing Team has also taken on two projects that will impact ORE's ability to generate a profit. The Marketing Team is creating a Marketing Plan and Inventory Improvement Processes.

The Marketing Plan will include a plan of action to increase cigarettes gross profit, while planning for a decline in cigarette sales. The Marketing Team's *draft* Marketing Plan is due April 21st.

Inventory Improvement Process

The Inventory Improvement Process is long overdue. When ORE purchased the Pass Port System and the SSCS back office ORE did not have the resources to fully implement the system. The Marketing Team is developing a work plan to develop and test new processes for tracking the inventory at store level. Kerri Vandehei, Accounting Manager is assisting with the development of the process.

Diamond for Dollars

Diamonds for dollars is a fund raising event in the Oneida Retail stores to support area groups in our community to raise funds by way of selling Diamonds in the stores four (4) times a year. Applications are sought through the Kali and intranet.

• Indigenous Games	\$2,885
• Wise Youth	\$1,919
• Longhouse	\$1,624
• Lacrosse U/13 & U/15	\$1,198
• Woodland Indian Art	\$1,525
• myTEAM Triumph	\$450
• <u>Team WI Indigenous</u>	<u>\$580</u>
	\$10,191

The next Diamond for Dollars fund raiser will be for one of the Community Lacrosse program and will be May 8th until May 28th. To encourage sales each of the stores has received sales goals and will receive jean week when they meet the sales goals.

Operations

Intra-Tribal Charge Fuel and Commercial Charge Accounts

ORE has explored two options to automate the Intra-Tribal Charges of fuel at the Oneida One Stops. The Exxon/Mobil Fleet program has been selected because there is no cost to Oneida Retail and there is minimal cost to the Nation. The other option would track fuel sales in a similar fashion; however the cost to run the program was approximately \$15,000 per year. There are currently 56 different departments purchasing fuel at the Oneida One Stops. In FY16 the Intra-Tribal departments purchased \$331,585 of fuel from the Oneida One Stops. The Exxon/Mobil Fleet Program will provide up to .06 cents in discounts (based on monthly purchases) and Oneida Retail will offer an additional .03 discount.

An informational meeting with all of the Division Directors is scheduled for May 18th in the OBC Conference room at 9:00 AM to introduce the program.

There are currently 14 commercial charges at the Oneida One Stops for fuel. We are encouraging the commercial accounts to open a Mobil Fleet card to manage their fuel purchases. Exxon/Mobil offers discounts on the fuel (based on volume) and ORE will also discount the fuel by .03 a gallon for the first six (6) month.

Isbell Smokeshop

The Isbell Smokeshop was closed on Sunday evening February 5th to 5:00 PM on Friday February 10th to replace the sales floor. The sales floor was damaged by a reach in cooler's faulty draining system.

Drive Offs

The following process will be followed for gas drive offs at the Oneida One Stops:

1. Retail Associate notices gas drive off.
 - A. Retail Associate will use Retail process for Point of Sale to document with receipt
 - B. Contacts Security to provide pump number, vehicle description, time and any other information that is pertinent to obtain/review/save video of drive off.
 - C. Security will review/save video to provide to Oneida Retail.
 - D. Retail Associate will document at the minimum: Associate full name that witnessed/noticed the drive off, time, date, license plate, vehicle description, person pumping gas, statement of facts, and other pertinent information on Retail's Drive Off Report and Statement.
 - E. Oneida Retail's designee will gather vehicle owner information to send a letter to provide notice to return to pay.
 - F. If no response from owner within allotted time period, Oneida Retail's designee will contact Oneida Police Dispatch to turn over information for Police Follow up and potential arrest.

2. Customer dispenses fuel into vehicle and states not enough and/or no payment can be made:
 - A. Associate to obtain copy of Driver License and/or Tribal ID
 - B. Retail Associate will document at the minimum: Associate full name, time, date, license plate, vehicle description, person pumping gas, statement of facts, and other pertinent information on Retail's Drive Off Report and Statement.
 - C. Associate to ask for form of payment and/or someone that can pay for the dispensed product.
 - D. If, customer chooses to leave the premise, contact Oneida Police Dispatch and Oneida Security to obtain/save video.

Drive offs have averaged \$2,566 per month, which equals .03% of Sales.

Strategic Acquisition

On January 23, 2017 Title Town Corporation accepted the Oneida Nation's counter offer to purchase the Grand Central Convenience store on the corner of Packerland and West Mason for \$4,897,894. The closing date is set for June 22, 2017. I will be the Project Manager from ORE on the project.

A portion of the sale agreement is that this location continues to purchase fuel from Title Town Corp and remain a Shell. The 10 year supply agreement has been approved and signed off on. The new location will remain a Shell station for the next 10 years.

The building inspection was completed by the Nation's Development Division and . A Phase I inspection has also been completed, with no fuel releases detected. However, as noted on the Business Plan Summary the underground storage tanks (USTs) are 31 years old, and are single walled fiberglass and are no longer under warranty.

The USTs, underground piping, dispensers and the Point of Sale (POS) will be replaced prior to opening the location.

The new location will not be branded an Oneida One Stop because we will not be able to offer the same rewards program because of the different supplier and different fuel brand. In 2018 our current contracts with Exxon/Mobil will expire. During the RFP process the Shell brand and Title Town will be considered for all of the Oneida One Stops.

FY18 Budget

Sales		\$76,100,270
COGS		<u>-\$60,025,644</u>
Gross Profit		\$16,074,626
Payroll	\$5,340,593	
External Expenses	\$2,841,801	
Internal Expenses	<u>\$643,814</u>	
Total Expenses		<u>-\$8,826,208</u>
Net Profit		<u>\$7,248,418</u>

Thank you for reading the report, should you have any questions please feel free to call me at 920.496.7301 or by email at mdoxtat3@oneidanation.org

