

Syndicate Wine, LLC

Annual Benefit Report

2023

Syndicate Wine, LLC, dba, Syndicate Wine Bar was created in February 2019. At its inception, Syndicate was certified as an Oregon Benefit Company by Benefit Corporations for Good. This was an intentional choice due to the accountability, transparency, and diligence of their certifying practices.

Syndicate Manifesto

At Syndicate, we believe in the principles of balancing people, planet, and profit. We believe in listening to our guests and team, at all levels, to ensure we are hearing a variety of points of view and perspectives. We believe that all humans are imperfect and should not be judged by our differences, small mistakes or incongruencies. We also believe in creating a fun and relaxing environment for our guests and our employees. Our jobs should be fun. To “sell all the wine”, our team is tasked with creating an environment that is welcoming, accepting, and encouraging of all levels of wine education. We pride ourselves in backing each other up and supporting our community against all odds.

This past year (2022) brought a combination of struggles and successes. Everything that we went through forced us to grow and evolve to become better, communicate more efficiently, and force resiliency beyond that of a pandemic.

Struggles

Our 2022 year started off with a myriad of construction and weather issues in our Beaverton location. We were told that the expansion of this location would be completed no later than the end of December 2021. In January 2022, we clearly saw this wasn't going to happen for at least three more months. As disappointing as this was, it meant we needed to continue serving guests outside in the cold, wind, and rain. Though we had a sheltered dining room, the guest experience was declining due to this delay in construction and the challenging elements.

We were next told that construction would be done by February 13, 2022, in time for our busiest day of the year – Valentine's Day. This did not manifest, instead we were greeted on February 12, 2022 with unfinished projects, construction equipment and dust

everywhere. With a social media rally to our Club Members, we were able to gain additional support to vacuum, dust, rent tables, and decorate spaces. It was only through the assistance of our Club for multiple hours that we were able to create a dining room, far below our standards, but suitable (on a temporary basis) for guests.

In May 2022, we finally saw the conclusion of this project, and a notice that the financial demand was out of scope. The budget was overshot by almost \$30,000, of which we didn't have funding. Our general contractor and subcontractor subsequently put liens on the property, notifying our landlord, and putting our lease in default. With assistance from our legal team at Rational Unicorn, a fellow Benefit Corporations for Good member, we were able to overcome this legal obstacle and push forward clearing all issues. Through this we were also able to connect with Business Oregon by way of another Benefit Corporations for Good company, Mighty Epiphyte. Both our legal and financial obstacles from this project were quickly overcome by reaching out to our community once again.

The next challenge came in June 2022 when we invited some of our close advisors of Syndicate to assist with our annual event, the Syndicate Block Party. Though this was an amazing decision and felt uplifting as a whole, members of our advisory team saw something that we were blinded by: an issue within our company that was breaking down our structures from the inside. We sat back and listened more than we spoke. We heard hard truths from those assisting us in building Syndicate. We then sat back in silence as we let everything sink in. It was hard. Some of our internal decisions and tunnel vision had created staffing decisions that weren't productive or professional and would be holding our company back from future growth. We knew what we needed but couldn't find that person that would allow us to step back.

It was by pure chance that at this same time, we had a job posting out on PoachedJobs.com and a candidate with exceptional experience dropped in our lap. It was her second day when many of these hard situations occurred yet she didn't even know. She came in to "sell all the wine" and ensure the guest experience. As learned from a disappointing employment decision, we had before us new potential with someone loaded with experience, knowledge, and professionalism. This new employee mentioned to us that if we had a full time opportunity, they would love to take on more. We started to breathe.

Now we were able to really step into "where do we want to go and grow?"

As construction started to conclude in Beaverton, we realized we had a new challenge in Newberg as our subtenant left May 28, 2022, never to be seen again. We were left with the full lease and full utilities on a plan that all financials would be shared. Through

a legal battle still outstanding, we were forced to evolve once again. We knew the next challenge would be creating a food program to complement the wine. We dug back into our practices from 2019 and brought back many of our original recipes and plating.

Successes

By the end of 2022 we started to stabilize internally and externally in our guest experience. Our food program started to grow by adding paninis, first in our Newberg operations then in Beaverton. After adding hearty foods like bruschetta and paninis, we started looking at our signature dish, the Project Board. This staple has been the most requested dish in both locations since August 2022. We give our team the freedom to create this dish with certain ingredients but to use their artist approach so that their platings appeal to the guest more.

Creativity has always been at the center of who we are as a brand at Syndicate Wine Bar. From the bar tops and chandeliers that David Anderson, our Co-Owner & Founder, to our menu, we challenge our employees to create new dishes. We actually challenged them to create new paninis and perfect recipes. If guests loved their paninis, then the employee got to name them. This evolved and grew to become something so incredibly beautiful. Currently, every panini created by a team member has their name below it for credit and acknowledgement.

In 2022, we also continued and increased our partnerships with our neighboring restaurants. At the end of 2022, we planned a huge New Years event, where we were the initial location for dinner and drinks and a 9 PM East Coast New Year's toast. From there guests traveled with Syndicate's owners to the next stop, Raindrop Tap House, a block away for another toast at 10 PM. Finally, the whole group walked to Bootleggers Whiskey Bar, a block further, for the midnight toast. Not only was this one of our most successful events of the year, but many of our employees attended as guests as well. We were able to meet new people, relax with our Club Members, and support our community by introducing others to smaller locations unknown to many. Another beautiful experience of this event was seeing everyone secure hotel rooms or connect with Uber so that safety was always top of mind. At the end of the event, employees and guests alike were anxiously awaiting news of our next similar event.

Events have been something we struggled with in 2020-2022 as COVID-19 regulations were both clear and unclear. At the end 2Q 2022, those restrictions were lifted, even though advisories were still in place. In June 2022, we adapted to these rules by creating many outdoor activities for our community to enjoy wine, music, arts and shopping in our spacious private parking lot. This eased the community back into exploring wine in a safe atmosphere. We saw many of our Club Members, advisors,

and regulars attend this event, championing our cause for community in the middle, nearing an end, to a global pandemic.

Another area of our greatest growth in 2022 was with delegation. In 1Q 2022, we brought on a part-time Payroll and Compliance Specialist, who was able to take on administrative tasks previously handled solely by the owners.

People

Our team grew from one employee on full time benefits, to three by the end of 2022.

We instituted a policy, where all employees have two (2) consecutive days off, and never work more than 40 hours per week. We feel that employees cannot have down time, nor feel a professional/personal life balance if they don't have consistent days off. This is not the standard in the hospitality industry, but it is our practice in sustaining our people.

Though we have had some challenges with hiring decisions, one thing is certain: The morale of our ever-evolving team is high and confident, and rising each day. At the beginning of every year we meet individually with everyone to ask the following questions:

- Would you like more or less hours?
- Would you like more or less responsibilities?
- What is your ideal availability, monthly, for a team meeting?
- If there is one thing you would like to change at Syndicate, what would it be?
- What are you most thankful for by working with Syndicate?

We feel that by having these annual meetings, we can get a clear understanding of our current staffing desires and needs before we start hiring for the Spring/Summer season. These one-on-one conversations have been enlightening, and growth opportunities for all. Not only do we hear feedback that is necessary for our growth as a brand, but we also hear our employees in where they want to go in their individual positions.

As a company we would rather grow from within and provide opportunities for those that are well-established with our brand, story, and company culture. Our employees are our greatest asset. Supporting them is our greatest responsibility.

Planet

Statewide, a new mandate declared restaurants with more than 60 gallons of food waste per week must institute on-site composting. We looked at this mandate very closely and how it applies to Syndicate. We measured our food waste and saw that in any given week, our team has less than five (5) gallons of waste, which is far below the industry average. This metric proved to us that we are intentional in what we are purchasing and only purchasing what we know we will use in a five-day work week. By having food items consisting of ingredients that overlap other menu options, we are able to directly minimize waste to almost non-existent levels.

We understand that, while we don't have that much waste, we did have an inefficient system requiring owners to shop for supplies multiple times each week. The driving required offset some of the sustainability achieved through low food waste by adding to the carbon footprint and gasoline consumption daily.

David Anderson, Co-Owner and Founder, also looked at the elements we used in our outdoor street seats and previous indoor dining room for reuse. Almost 100% of the elements previously used found a new creative space in the newly expanded Beaverton dining room. This became a conversation topic for our regulars that frequently asked, "Where did the window bar from the window go?" We could then explain that this custom-made bar top was reshaped into floating display shelves behind the bar. David was also able to re-use a discarded table top from our neighboring furniture store.

Profit

With the challenges of an abandoned sub-tenant in our Newberg operations, we have struggled with the profitability of this location. Fortunately, the Beaverton operation steadily increased in 2022 to overcompensate and allow Newberg more time for market acknowledgement. The Newberg market is quite different from the Beaverton market. Purchasing demographics and behaviors are significantly diverse, challenging us once again to find a profitable formula for this second location.

Last year we saw a sizable increase in our Wine Club Membership. At the beginning of 2022, we had 161 active members. By the end of 2022, we had 181 active members with many frequenting both locations on a weekly basis, requesting more events. Our club-exclusive and public events saw the greatest increase. The public suggested more educational and fun activities. Our team responded with creativity and professionalism. Every event exceeded our expectations with attendance, some of them forcing us to cap seating due to our service expectations of our team.

Goals for 2023

- Profitability of Newberg location
- More efficient purchasing procedure that doesn't compromise daily gas consumption
- Increase staffing so Owners can reduce service period shifts and increase marketing and brand building
- Delegation of administrative tasks, social media, ordering
 - Wine Club, Programming, and Private Parties
- Finish construction on Outdoor Street Seats
- Finish construction on additional ADA entrance
- Vacation for Owners

2022 saw much to celebrate within the Syndicate brand. There was also much to reflect upon and consider as we move into 2023. As a learning organization, our goal is to always listen, always consider, and always make choices that will help the business, its people, its community, and its impact on the planet that makes all this possible.

With renewed vision and confidence, we have worked through some of the most challenging times of our lives as a business, as owners of a hospitality brand coming out of a pandemic, and at a time of great economic uncertainty. It is with humility and open minds that we have the confidence to charge forward into a new year, while also remaining ever aware of the risks that may await a poor decision.