

## **Moscow Food Co-op Monthly Board of Directors' Meeting** **Tuesday, October 14, 2014, 6 p.m.**

**Present:** Bill Beck, Glenn Holloway, Kurt Obermayr, Idgi Potter, Laurene Sorensen (Board); Melinda Schab (General Manager); Joan Rutkowski (Administrative Assistant); **Absent:** Colette DePhelps

**Facilitator:** Kay Keskinen

**Guests:** Kelly Moore, Hunt Paddison, Deb Reynolds, Mary Simonsen, and Leila Wickman

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### **PUBLIC FORUM**

Public Forum is a time for the Board to listen to owner and general public comments; follow-up is considered outside of the forum. None of tonight's guests were interested in speaking.

Leila Wickman, a WSU graduate student, shared that she was attending the meeting as part of her research into how socially responsible businesses report on their finances.

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### **BOARD APPOINTMENT CANDIDATE**

The Board interviewed Mary Simonsen, who applied for the open seat on the Board before the September 30<sup>th</sup> deadline. The Board is seeking to fill the seat by appointment. The Board and Mary discussed how her time spent living abroad and her work with international students at Washington State University has broadened her understanding of the diverse needs people seek to fill through a grocery cooperative. Mary has over 15 years of experience serving on boards and has received two volunteer service awards. She is new to the policy governance model for governing consumer cooperatives.

She asked directors what they thought are the Co-op's biggest challenges. Directors talked about the process to consider store expansion and how this growth would also be part of the evolution of the store's cultural identity. Also, the Board and GM continually negotiate the grey areas in the policy governance model, through which boards focus on establishing policies that define the organization's ends and what the GM can and can't do to achieve those ends and operate the store.

This evening's executive session will be used to discuss whether to appoint Mary to the Board.

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### **STUDY & ENGAGEMENT: Cooperative Grocer Articles**

Idgi noted for the record that the Board's readings about growth do not mean that there has been a commitment any particular growth plan. The readings are part of the Board's process for learning what moving forward with expansion could entail.

The Board and GM discussed what they found most interesting and useful from two readings: [Additional Stores – Expanding The Co-op](#), and [Working Together for our Mutual Benefit](#). Directors shared the following highlights from the readings, focusing on details that seem pertinent to the Co-op and ideas that speak to directors' wishes for the store in the future:

- The "Expanding the Co-op" article demonstrated the importance of having a timeline set for major steps that begin quite a while before a second store is actually opened. For example, based on the experience of several grocery cooperative expansions, the author recommends

hiring a store manager for the second store between six months and one year in advance of the store's opening.

- The capital requirements for opening a second store are intense. Expansion must involve a serious look at how financing efforts would affect current operations and practices, such as patronage dividends and discounts.
- The vision for expansion and for cooperatives in general should involve an understanding that a co-op is bigger than a physical store: A cooperative is the community of owners that provide a grocery store as their core service to the community.
- Management development and staff training are essential to expansion. Preparation before expansion will require raising the bar for teamwork, training, communication, accountability, and performance results. This work would need to start early on in the process. A second store could motivate people to aspire to higher positions.

Wish list for if/when expansion becomes a formal plan:

- It would be good to have a checklist about what to do and when.
- We should start identifying people who can be in key positions for an expansion.
- Learning forums for all stakeholders would be essential.
- We should be open to lessons learned from expansions that happened outside of the cooperative business model.
- It would be good to have a designated helper/advisor throughout an expansion process. Cooperative Development Services has great resources.

Melinda shared that she will soon be hiring market researchers, and she has applied to the NCGA for assistance on an internal readiness assessment. Idgi said that the Board's executive committee is talking to consultant Art Sherwood about how he can help with internal preparation. He could be involved in the Board's Spring Retreat; it may be too soon to address internal readiness at the upcoming Winter Retreat.

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## **CONSENT AGENDA**

### **Minutes:**

Motion to accept the September 2014 BOD meeting minutes as amended, seconded, **passed 5-0-0**

- Joan will add a second 'n' to Glenn's name.

### **GM Compliance Reports:**

#### Policy B3: Communication and Counsel to the Board

The GM provided a written report about events and trends affecting store performance and stability.

- Directors commended Melinda and Co-op staff for the success of Owner Week. The discount week also involved an ownership drive that helped generate \$8,433 in equity payments for September (this is nearly \$2,000 more than in September 2013, when a drive was not held).
- The Owner Services Coordinator shared that tabling throughout Owner Week provided many opportunities to promote the importance of ownership and clarify details about how ownership works.
- Laurene noted that the Co-op email list is an additional way in which the Board is made aware of the Co-op's public events; this could be added to Melinda's B3 report.

Motion to accept B3 and find it in compliance, seconded, **passed 5-0-0**

### Policy B7: Owner Relations

The GM provided a written report about efforts to design and maintain programs that foster involvement and strengthen interaction with Co-op owners.

- **Action:** Melinda will ask the Advancement team to include the Board in emails about upcoming newsletter topics.
- **Action:** Kurt will change B7 references to member to “owner.”

Motion to accept B7 and find it in compliance, seconded, **passed 5-0-0**

### Policy B10: GM Stipend

The GM provided a written report about her activities with other organizations and whether she’s received any stipends. She is not involved in any standing committees or boards in the region or related to the natural foods industry, and she has not received any stipends.

Motion to accept B10 and find it in compliance, seconded, **passed 5-0-0**

### Policy B9: Current Financial Conditions

The GM provided a written report, per Policy B9, about the Co-op’s financial activity.

- Melinda was asked to devote some report space to addressing trends that do not appear in some graphs. For example, August 2014 data shows grocery department sales to be less than budgeted and less than August 2013 actuals, but it’s not clear what the trend is for the year between those months. Melinda said she was happy to do this. She also shared that plans are in place to improve grocery’s financial performance.

Motion to accept B9 and find it in compliance, seconded, **passed 5-0-0**

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## **BRIEF ANNOUNCEMENTS AND ACTION ITEM FOLLOW-UP**

- Melinda announced that beginning October 20<sup>th</sup>, the University of Idaho bookstore will carry some of our produce and deli food. This relationship should benefit the store and UI students and staff.
- Glenn announced that the Greater Palouse Meat Producers will have a meeting on October 17<sup>th</sup> to formally launch the effort to develop a local USDA-inspected meat processing facility. He encouraged directors and staff to attend because the facility would broaden the local base from which the Co-op can bring in meat.

### As of October 14, 2014:

- Owner Engagement will draft a committee charter for submission to the Board.
- Owner Engagement will 1) determine its monthly meeting time, 2) how many openings for owners and staff they have, and 3) let Board Admin know of this information.
- The Owner Engagement Committee will prioritize looking at how policy should guide owner engagement in general and how that outcome should shape how staff proceed with the Participating Owner Program.
- The PO Program discussion will resolve whether to seek feedback from POs and/or owners on how the Board’s discount should be structured and/or whether to consider Board stipends.
- Owner Engagement will develop a draft Communications Plan and/or Work Plan for owner engagement.
- Owner Engagement will create a call for owners to join the committee.
- Owner Engagement will consider how to involve owners in the growth conversation/process.
- Policy & Bylaw will continue to look at B13 and other B policies (other than B6 and B7) for congruence with the new Ends and the purpose of B policies; B13’s title should be reconsidered. *B13 is on tonight’s agenda; the other Bs stay on the plate*

- Policy & Bylaw will ask Todd to look through our governance policies for gaps or needs that should be addressed in advance of growth or exploration of growth options. *In process: the request has been made*
- Professional Development will determine whether any of the Board’s goals from the April Study & Engagement need to become action items for the Board or for specific committees. *The committee concluded that none of the goals needed to become new action items*
- Melinda will send the Board a copy of the 2008 NCGA audit.
- Directors should email Joan any ideas they have for the list of ways to prepare for growth. *No one emailed; this can be deleted because growth preparation is already being addressed through Study & Engagement and Board work sessions*
- Directors will discuss writing a series of articles about the strategic plan priorities, possibly starting with the October issue.
- Joan will prepare a draft bylaw revision to change “members” to “owners” and this draft will be held as an amendment for owners to consider at the April Annual Meeting. *Done; Joan will email this to Laurene for her work*
- Laurene will review the Co-op’s bylaws, and if she finds anything significant she will put it on the Board’s agenda for directors to consider submitting for owner approval at the Annual Meeting in April.
- Bill and Glen will figure out a time and focus for an owner engagement opportunity in October and share set-up needs with Joan/new Board Admin.
- The Board will review its financial indicators after the Strategic Plan update is finalized. *This should be put on the November agenda*
- Melinda and Joan will communicate to Advancement the details needed for the design of the primary, visual Strategic Plan document. *Done; design work is underway and a draft should be available in early November*

Done

- ✓ Policy & Bylaw will draft policy changes that address what’s needed to guide future Strategic Plan processes.
- ✓ Melinda will send the Board a copy of the 2008 NCGA audit.

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## CONFIRM AGENDA

Discussion about the Board appointment was added for Executive Session.

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## BUSINESS AGENDA

### **Policy B13 draft update (proposal)**

Directors and Melinda discussed whether the proposed update to B13 expectations regarding community stewardship/local economy duplicates what’s already in the Ends about this topic. Kurt said that the committee wants to retain a policy about this topic that is separate from the Ends, in case future Strategic Plans do not make local food and goods a priority. The proposal asks the Board to make B13 reporting concurrent with A1/Ends reporting so that Melinda isn’t providing the same report at two different times of year.

- The committee also suggests deleting some operational specifics because they should be covered in management plans for the Ends/Priorities. For example, the committee suggests deleting the written expectation that the GM maintain internal guidelines for vendor relations. This is because a governance policy should be more general and vendor relations guidelines are part of what the GM can consider within the boundaries of the policy.
- Even though the Bs are “executive limitations” policies, the committee is proposing to use the positive language of “the GM must” instead of “the GM must not fail to”.

This proposal came from the Policy & Bylaw Committee as a moved and seconded motion for adoption. Motion to accept the proposed changes to Policy B13 passed 5-0-0

#### **Policy D10 monitoring update (proposal)**

The monitoring calendar (Policy D10) needs to change to align with the change to the timing of B13 monitoring. This means the GM would report on B13 in February, when she also is reporting on the Ends.

This proposal came from the Policy & Bylaw Committee as a moved and seconded motion for adoption. Motion to accept the proposed change to Policy D10 passed 5-0-0

#### **Strategic Planning policy proposal (proposal)**

To make sure the need to review and update the Strategic Plan is not forgotten, the Policy & Bylaw Committee proposed that a sentence be added to Policy D1 to require an annual review of the plan.

Directors discussed amending the proposal to edit the new sentence for grammar and alignment with the opening phrase that frames all of D1's specific expectations. It should read: "[In this spirit, the Board will] review annually the Board-developed, General Manager-implemented Strategic Plan."

Motion to approve the proposed Policy D1 changes with the suggested amendment, seconded, passed 5-0-0

#### **Winter Retreat (discussion)**

The agenda will likely include discussion about owner loans, capital campaigns, and how to talk to owners about growth. The group confirmed that December 12<sup>th</sup> through 14<sup>th</sup> is the weekend for the retreat.

Directors discussed where to have the retreat. While out-of-town retreats are nice for team building, the travel time to/from an out-of-town location for those who can't stay overnight can shorten how much time they have with the group.

The group agreed that the Winter Retreat should be held in Moscow, and Laurene offered her home. Melinda noted that having Art Sherwood at the Spring Retreat will be an additional expense, so it will be helpful to not have lodging expenses for the Winter Retreat.

#### **Draft BOD Calendar 2015 (discussion)**

The Board's Administrative Assistant summarized highlights from the 2015 Board calendar that she drafted. Because she is transitioning out of her Board work, she thought it would be helpful to have this calendar drafted as soon as possible before a new Board assistant begins and is focused on getting oriented to the work. Directors will need to finalize a few dates that are tentative, such as the Annual Meeting. The draft calendar is on the Board's Google Site and in its Google Drive folders.

#### **Owner Services Coordinator (discussion)**

The agenda packet included the job description for the new Owner Services Coordinator position. The job description will help directors understand what this new role entails and envision how the coordinator could interface with the Board's Owner Engagement Committee.

All efforts in this role are ultimately about promoting, retaining, and engaging ownership. The Owner Services Coordinator described how her top priority at this point is to develop training for cashiers and then all department staff to help them understand the Co-op's history and the importance of ownership. She is starting with current cashiers because of how much cashiers talk to customers and prospective owners. This work also will shape refinements to materials for owners and prospective owners and help build an orientation program for new owners. The coordinator and Melinda have also talked about the possibility of having monthly information sessions about the Board and policy governance for prospective Board members and anyone who is interested in getting more involved in Board committees. This session could involve directors and other participating owners.

### **Schedule Owner Engagement Meeting (discussion)**

The Owner Engagement Committee will meet at the Co-op at 3:30 p.m. on Thursday, October 23<sup>rd</sup>, and then in November begin meeting regularly on the 2<sup>nd</sup> Thursday of each month.

### **CBLD Contract 2015 (discussion/proposal)**

Directors discussed whether to renew the Board's contract with Cooperative Board Leadership Development (CBLD)/Cooperative Development Services (CDS). The contract provides for assistance from consultants through retreats, ongoing consultations, and other resources. The cost is \$6,650 for 2015.

Directors wondered if the Board could receive support without such a contract; for example, could consultant Todd Wallace be hired on an as-needed basis? Is there assistance outside of CBLD/CDS that could be useful? However, it was noted that an ongoing relationship with the same consultant is especially helpful for institutional memory, given the nature of temporary Board service. CBLD and CDS also seem to be the leaders in cooperative support.

With support needed for upcoming research into growth, directors agreed that it would be valuable to continue the CBLD/CDS contract for 2015. However, there is a desire to research other support options and minimize the Board's expenses for the future. Directors also recognize the importance of investing in the Board's professional development.

Motion to renew the CBLD/CDS contract for 2015, seconded, **passed 4-1-0**

**Action:** To inform Board discussion about its spending, Idgi will look at how the Board's budget breaks down.

**Action:** Melinda will research what other boards of similar-sized co-ops budget for their needs and look into what's considered "best practice."

### **Committees: Reports/Work Plans (Report)**

Committee members shared information about their activities following the last Board meeting.

**Nominations & Elections:** The committee will follow through with the outcome from the appointment process, and it will continue efforts to recruit candidates for the 2015 election.

**Policy & Bylaw:** Its policy proposals were passed earlier in the agenda; the committee will continue working on its action items.

**Professional Development:** The committee did not meet in the last month. Glenn will be emailing committee members to set up a meeting to work on planning the Winter Retreat.

**Owner Engagement:** Earlier in the agenda the committee scheduled its first meeting.

**Strategic Initiatives:** The visual Strategic Plan concept has been sent to Advancement for design.

Executive Committee: The committee had its monthly call with consultant Todd Wallace. Notes are in the electronic packet.

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## **BOARD ASSIGNMENTS AND MEETING REVIEW**

### Newsletter assignments

#### **Due October 15:**

- Last month Colette agreed to write an article about the Strategic Plan and growth.

#### **Due November 15:**

- Bill will work on an article about patronage dividends, and it will also remind people of the December 15<sup>th</sup> deadline for using the dividend.
- Bill and Joan will work together on an article about the upcoming election.

### Upcoming dates to remember

- October 20<sup>th</sup>: Work Session, 4 p.m. to 6 p.m., Fiske Room
- November Work Session: TBD

Glenn shared that he can't make the October Work Session. The topic for the work session is not yet determined.

The question about whether to have a joint Owner Engagement Committee/Advancement Department meeting will be removed from the agenda template because the Owner Services Coordinator is now a member of the Owner Engagement Committee.

The meeting concluded with an evaluation of how the meeting went.

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## **EXECUTIVE SESSION**

The Board voted **5-0-0** to appoint Mary Simonsen to the Board of Directors to fill the seat left open by Julia Parker's resignation.

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*Regular meeting adjourned at 7:58 p.m.*

*Notes taken by Joan Rutkowski*

The next meeting will be Tuesday, November 11, at 6 p.m. (with dinner beginning at 5:30 p.m.) in the Fiske Room of the 1912 Center.

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Signature of the Board President

Date