Moscow Food Co-op Monthly Board of Directors Meeting
Tuesday, July 21, 2020
Held Virtually via ZOOM in response to COVID-19
Present: Melinda Schab (GM), Alice Ma (President), Cheyne Mayer (Treasurer), Laurene Sorensen (Secretary), Ken Hart, Mark Thorne, Rob Ely, Isabel Barbuto, Julia Parker, Chloe Rambo (Board Admin)
Facilitator: Alice Ma (President)
Guests: Julie Massa (Columinate consultant)

Eight of eight directors present at the start of the meeting; a quorum is reached.

OWNER FORUM

Owner's Forum is a time for the Board to listen to Owner comments. The Board will, if requested, follow up after the meeting.

There were no owners present who wished to speak during the owner forum.

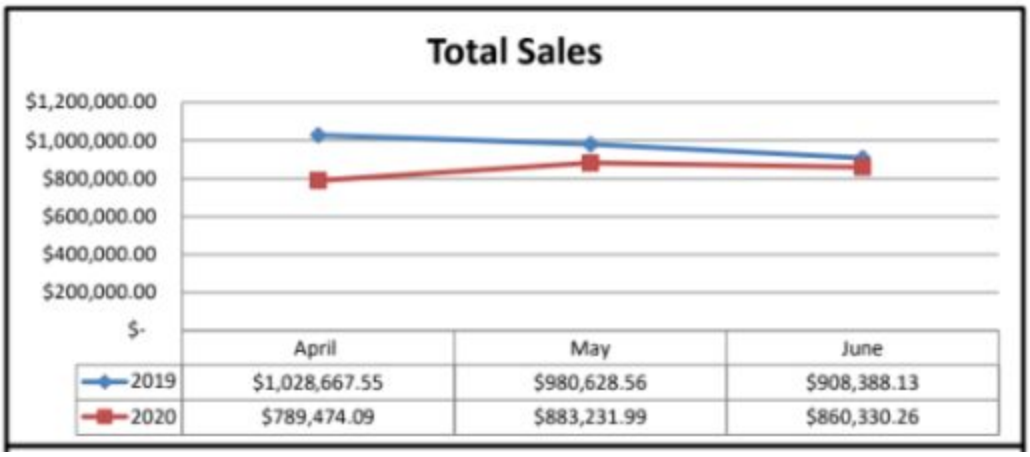
CONSENT AGENDA

Motion to amend the June 2020 meeting minutes to show the motion on page 6 regarding the Executive Committee's review of officer roles was passed unanimously, seconded, passed 8-0-0.

Motion to accept the consent agenda, passed 8-0-0.

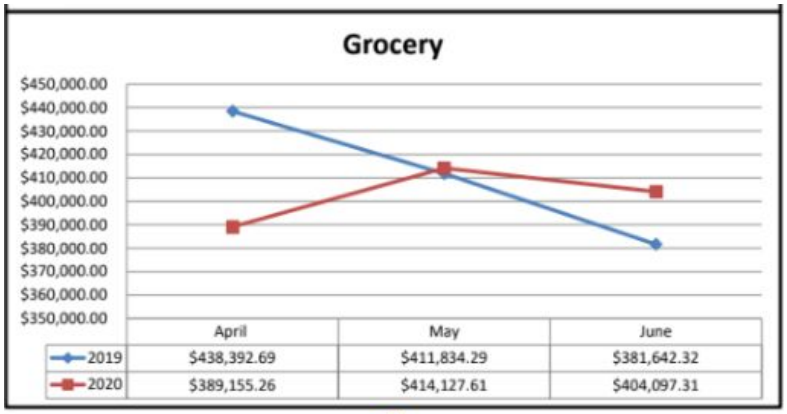
GENERAL MANAGER FYI
July 11, 2020 | No action needed

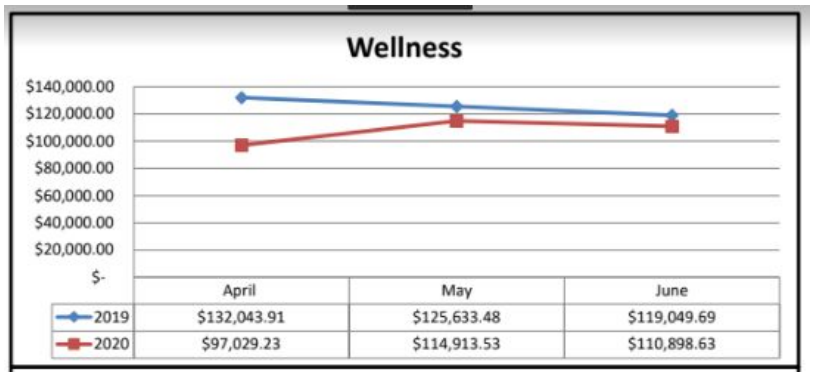
SALES: COVID-19 Department sales recap

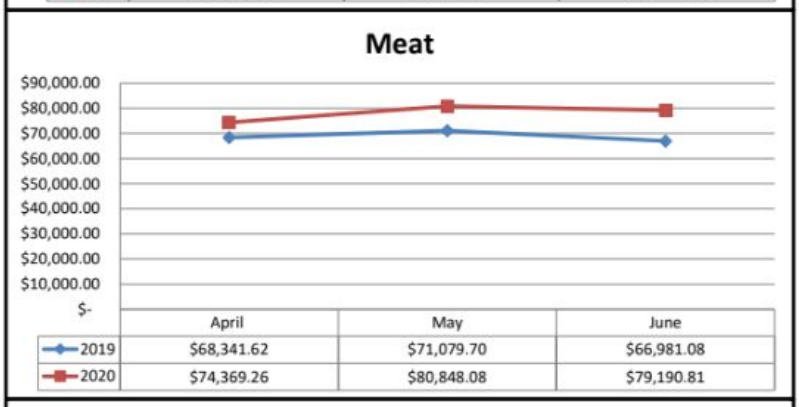


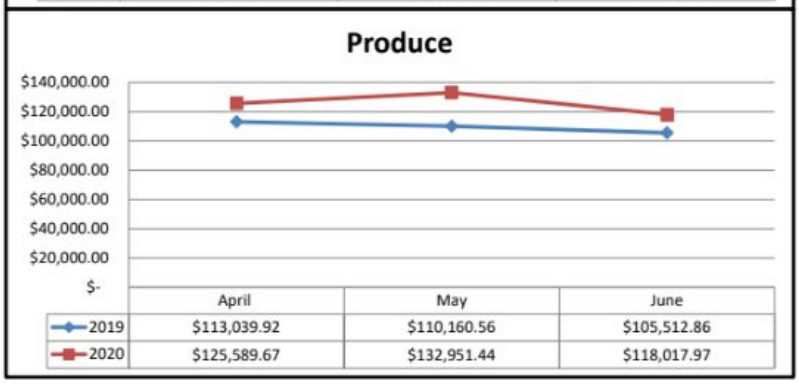
	April	May	June
2019	$1,028,667.55	$980,628.56	$908,388.13
2020	$789,474.09	$883,231.99	$860,330.26

Agenda key: SI=Share Information, AT=Advance the Thinking, PI=Provide Input, MD=Make Decisions, ITC=Improve Team Communication, BTC=Build Team Capacity, BC=Build Community









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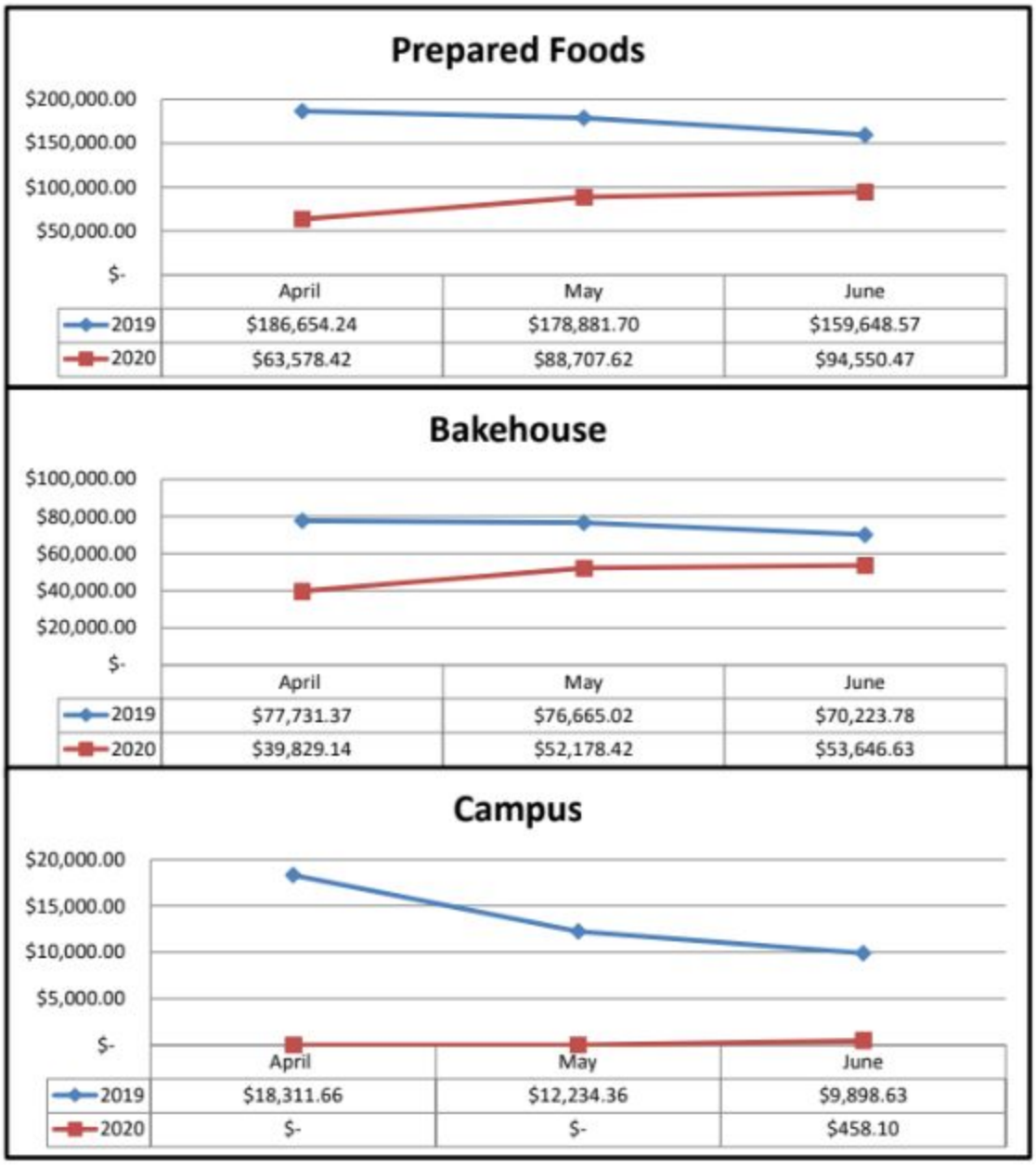

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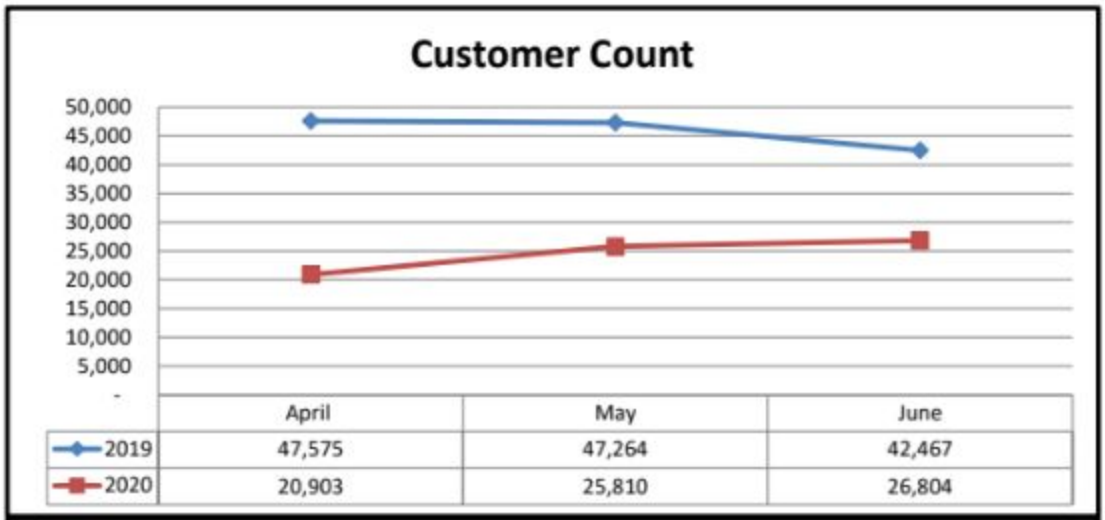
- Customer Counts & Average Basket Sizes:



	April	May	June
2019	47,575	47,264	42,467
2020	20,903	25,810	26,804

	April	May	June
2019	$20.86	$20.20	$20.80
2020	$36.59	$33.25	$31.23

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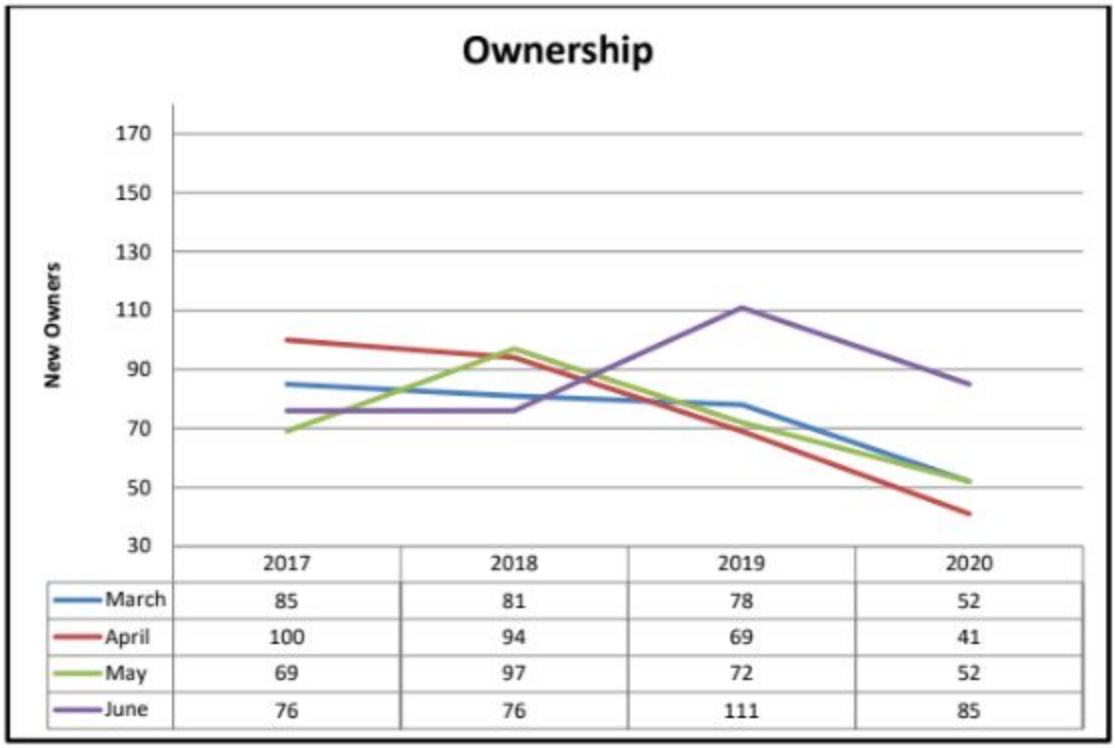
- New Ownerships:



	2017	2018	2019	2020
March	85	81	78	52
April	100	94	69	41
May	69	97	72	52
June	76	76	111	85

CUSTOMER SERVICE

- Customer Experience Survey results:

	May-19	May-20	Jun-19	Jun-20
Overall Satisfaction	77%	84%	70%	84%
Availability of Staff	76%	82%	71%	78%
Friendliness of Staff	90%	90%	79%	85%
Helpfulness of Staff	85%	88%	79%	84%
Cleanliness of Store	82%	96%	70%	88%
Availability of Products	53%	34%	50%	43%
Greeted by Someone Other Than Cashier	69%	60%	67%	70%

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Pandemic Business Planning

1. <u>What we learned from the 2008 recession</u>
    a. Shoppers cared about price and value. Consumers generally became much more aware of and sensitive to price.
    b. Shoppers remained socially conscious. There was continued demand for products with perceived health benefits, positive social or environmental impact and other "values" – driven attributes.
    c. Customers stretched their dollar. Customers cut back on non-essential grocery items, traded down in search of value and combed retailers' circulars to find the best deals according to their individual needs.
    d. Customers still splurged. Consumer spending on non-essential items like GM and body care declined, but there was still demand for "affordable indulgences" like ice cream and chocolate.
    e. Customers made food at home. Consumers shifted away from eating out and cooked from home more often. However, some demand for convenience in home meal prep remained.
    f. Customers exhibited less brand loyalty. Shoppers gravitated to private label, nutrient-dense and value-based options. They were more willing to try new brands. Value brand sales outpaced premium and mid-tier brands.
    g. Not all products contribute significantly to price sensitivity. Purchase frequency and household penetration still determined the extent to which customers were aware of and focused on price. Retailers that cut prices across the board instead of making strategic pricing decisions lost margin dollars and net income.
    h. Discount days offered diminishing returns. Many co-ops sought to convey value to customers by offering store-wide discount days. While this was successful for a while, data shows that over time customers simply channeled their purchases to discount days, weakening margins without growing overall sales.
    i. Trends were long lasting. While the last recession officially ended in 2010, consumer behaving didn't fully transition from recession buying until as late as 2013.

2. <u>Our approach to the 2008 recession:</u>
    a. We entered the recession in a terrible cash position – we had less than 10 days cash when the bottom fell out. In March 2009, we were down to 3.5 days of cash.
    b. We were so worried about making payroll that we eliminated all capital expenditures and other reinvestment activities. This left us behind the curve once the recession was over.
    c. We significantly reduced hours for employees.
    d. We experienced a 10% drop in sales growth (we went from 11% growth to barely 1% growth).

3. <u>What we can expect to see from this recession:</u>
    a. Much higher unemployment.
    b. Greater number and higher frequency of supply chain disruptions.
    c. Customer concerns regarding food safety and contamination.
    d. Increased demand for e-commerce and curbside options.
    e. Customers making fewer trips but with larger basket size.
    f. Customers doing less cross-shopping and choosing one primary store for their main stock-up shop.
    g. Continued interest in eating food at home. Customers are also more interested in growing and preparing their own food; sales for seeds and gardening supplies have been strong.
    h. Rapidly changing shopper expectations for product mix and pricing based on economic conditions.
    i. Internal unrest among co-op staff due to concerns about wages and working conditions.
4. <u>This time, we're taking a different approach:</u>
    a. We're in a significantly better cash position today than we were in 2009 (when we started to feel the recession).
    b. We're continuing with our planned equipment replacement and repairs. We're going to invest in ways that will help us continue to serve our customers during COVID-19 and that will speed up our post-recession recovery. Research done after the 2008 recession indicates that companies that strike the right balance of both defensive and offensive moves have the highest post-recession success rate .
    c. We're not slashing hours and labor budgets. Instead, we're focusing on continuously improving operational efficiencies.
    d. Scenario Planning for July – December 2020 and beyond.
    e. The "Continued Uncertainty" scenario: we see national progress on fighting the pandemic, but continued hot spots will limit real economic recovery. This scenario assumes a significant recession lasting 12 – 18 months with sales declines of -10%.
    f. The "Deep Recession" scenario: a resurgence of the pandemic derails any chance of quick economic recovery. Sales decline reaches -18% and takes longer to recover from.
    g. The "Depression" scenario: assumes steady progress fighting the pandemic and a measured reopening of the economy in late 2020 and early 2021, supported by additional federal relief funds. The economic activity alone is insufficient and when federal relief support ends, the economy collapses with numerous business failures, no access to credit and unemployment exceeding 25%. Co-op sales declines may reach -25% and not recover for many years.

Customer Experience Survey comments about masks

(Customer Experience Survey comments are copied word for word and are not edited for grammar)

"Why Highly Satisfied"

- The coop is great! Everyone is always helpful, the store is clean and I appreciate that they are making people wear masks. I want to make the coop my only shopping spot, but it is slightly too expensive for me to do that.
- It was clean, the checker was friendly and they had what we were looking for! There were masks available. There was hand sanitizer.
- Overall I love the Moscow Food Co op and am thankful for your store, especially when it comes to my children's specialty diets. The problem I have is all of your employees wearing masks. You have bought a Pharma paid lie, hook, line, and sinker. You of all places should be promoting health through proper nutrition, supplementation, and health of our immune system. Wearing a mask, which does not allow the wearer to breathe fresh oxygen has actually been shown to cause a host of problems including, but not limited to fungal, staph, and bacterial infections. I understand a few of your employees may be afraid due to their own compromised immune systems or those of their families, but all of them really? I am pretty sure this is a company policy you are enforcing. Moscow Food Co op you can do better. Please look at the science....the death rate from COVID is .24%.....that is lower than the seasonal flu. I use to love to walk into your store. Nothing but dread now, there is no excitement!
- I found most of the items I was looking for. I didn't need any assistance but staff appeared to be readily available if I needed assistance. All staff were wearing masks👍👍👍
- Store was very clean, everyone was practicing social distancing and wearing masks. There were oatmeal raisin cookies in stock.
- I appreciate that all the coop staff are wearing masks for their protection and mine. I also like that the carts are sanitized and there is a place to put used carts to be sanitized. Thanks for helping keep everyone safe!
- The quality of the food is great, store is clean and staff wears masks.
- Unlike other local stores most customers are wearing masks and all the employees are.
- Everyone helpful, always clean, good variety of offerings. I do wish they had a bigger parking lot, but COVID-19 has made the lot less used. All in store good about social distancing and using masks.

"Why Not Highly Satisfied"

- I didn't rate the visit as Highly Satisfied because it was not a remarkable visit; just went in to grab a needed item. The coop is out of some items and services because of the Covid19 issue. I am not complaining in any way; I know these are circumstances beyond their control.
  I am very pleased that they are making a strong effort to keep the store clean and safe. Employees are all wearing masks. I wish all customers would do the same.
- I wanted regular (not GF, not vegan) Coop chocolate chip cookies. None were available. That's all: everything else was absolutely fine! I *do* wish there was a mask requirement for Coop

customers. The number of people standing around breathing directly on everything/everyone is pretty discouraging.

The Board provided feedback on Melinda's provided report.

The Board and GM discussed strategies to ensure established store discounts are as impactful as possible in the community.

Motion to send the investigation of restructuring store discounts to the Owner Engagement Committee, seconded, passed 6-2-1.

The board clarified that the motion was meant to convey the Owner Engagement Committee would look at ways of involving owners in investigating restructuring the store's owner-access discounts.

BRIEF ANNOUNCEMENT & ACTION ITEM FOLLOW UP
Board Action Items – 7.21.2020

Policy & Bylaw *(internal action items kept separately)*

1. Policy & Bylaw will create a draft of the Board's Mission Statement.
2. Policy & Bylaw will create an SOP on Roberts Rules of Order.
3. Policy & Bylaw will flag Policy D5 for monitoring in 6 months (from April 2020) to ensure the Board has addressed this for being within compliance.
4. Policy & Bylaw will review Policy B3: Asset Protection for monitorability.

Executive Committee (*internal action items kept separately)*

1. The Executive Committee will review the annual compilation of policy monitoring documents.
2. The Executive Committee will create/review guidelines of documentation needed to clarify future monitoring of Policy D5.

General

1. The Board will discuss internal Board policy monitoring at a future executive session.
2. Melinda will circulate the lease extension document for the campus location to the Board for review prior to the meeting/discussion.
3. Melinda will create an annual sales chart to illustrate annual sales growth in percentages for the next reporting of Policy B1, due September 2020.
4. Melinda will discuss with Marketing the addition of information about running for the Board/Board Service to the new Owner packet.
5. Melinda will ask Marketing if Owners are able to unsubscribe from different types of Co-op emails individually and if they think a third email will result in more Owners unsubscribing from the email list.

DONE

✓ Policy & Bylaw will create job descriptions for Executive Committee positions.
✓ The Executive Committee will discuss determining committee assignments.
✓ Melinda will ask IT to add the Board Admin email address to the "Board" email group.
✓ Melinda will research the cost and specs of the glass to sand machine and will send them to the Board for review.
✓ Chloe will create a Doodle Poll to set a date for this meeting/educational session.

Parking Lot:

- Board meeting: A store tour for Board members
- Conversation about staff interest in training and purchasing using discount
- The Executive Committee will draft a statement regarding the Board's commitment to workplace excellence
- *Melinda will explore the cost of a trade area evaluation.
- *Melinda will research offering customers Bring Back Bags at no cost
- *Melinda will provide a plan to the Board regarding how the kitchen/deli/prepared food section is going to work to reduce overtime costs
- *Melinda will ask department managers (of departments that are not meeting margin) for their plans to get back on track when they are not meeting the goals set for them
- *Melinda will create a weekly email for the Board to compare labor costs to sales costs, with a note that the information is operational and not within the Board's direction

*Action items on hold due to COVID-19 response efforts.

CONFIRM BUSINESS AGENDA

Motion to amend the motion confirmed in the June 2020 Board meeting regarding sending marketing emails and invitations to Owners to be postponed for discussion until the September Board meeting, seconded, passed 8-0-0.

Motion to confirm the business agenda with additions, seconded, passed 8-0-0.

BUSINESS AGENDA

Annual Meeting Update (MD)

The Board considered not holding an in-person Annual Meeting in 2020 in light of the risks of gathering in large groups during the COVID-19 pandemic. Cheyne shared that the Owner Engagement Committee suggests providing digital/virtual versions of Annual Meeting presentations from the Board President,

GM, and Board Treasurer, if the Board indeed decides to not hold a physical Annual Meeting this year. The Board discussed also creating paper copies of the presentations to make available to owners.

Motion to withdraw an annual meeting for 2020 and instead ask the Owner Engagement Committee to recommend other mediums through which to provide owners with the information for the Annual Report, second, passed 8-0-0.

Board Candidate Review (MD)

This agenda item was struck from the agenda as it was discussed in the Executive Session.

The Board wishes to clarify that in January 2020, a Standard Operating Procedure (SOP) was adopted for the process for the Nominations and Elections committee to present candidates to the Board to fill Board seat vacancies. This SOP is not binding and does not constitute policy, but was meant to provide guidance and reduce ambiguity. During this appointment process, this SOP was not followed to the letter due to an internal error; the Executive Committee misremembered a detail from the SOP and provided direction to the Nominations and Elections Committee based on that misremembrance. The Board intends to abide by the SOP, barring extenuating circumstances as always, the next time we have a Board seat vacancy.

Additional Participating owner, Nominations & Elections (MD)

Motion to postpone the consideration of Carol McFarland as a participating owner on the Nominations & Elections committee until she is able to provide the Board with more information on her intentions to be on the committee, seconded, passed 8-0-0.

Collaboration with Leadership (MD)

Motion for Alice and Isabel follow up on what David already has done, to connect with Sue Guyette at the Pullman Good Food Co-op. The purpose is just for gathering information and building community, based on our Principle 6 (Cooperation between cooperatives), seconded, passed 8-0-0.

Committee Reports (SI):

- ☐ Nominations & Elections: The committee met and discussed making adjustments to the SOP, expanding diversity and inclusion in Board recruitment efforts and transition Board candidates' conflict of interest form to a digital form.

- ☐ Owner Engagement Committee: The committee discussed planning efforts for the Annual Meeting and reviewed the Board-focused webpages for edits and improvements.

- ☐ Strategic Vision: The committee discussed food insecurity among the university student population and researching partnership opportunities

- ☐ Executive Committee: The committee discussed continuing professional development for Directors, meeting facilitation, the agenda for the discussion with Owners at the Study & Engagement Session scheduled for July 21, 2020, as well as review of committee action items.

- ☐ Policy & Bylaw: Did not meet.

Board Assignments & Meeting Review:

Julia will write an article thanking staff for their work during the pandemic.

Notes taken by Chloe Rambo
Meeting adjourned at: 7:35 pm

Signature of the Board President Date

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