

Moscow Food Co-op Monthly Board of Directors' Meeting Tuesday, September 9, 2014, 6 p.m.

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

Facilitator: Kay Keskinen

Guests: Tim Cavileer, Joan McDougall, Hunt Paddison, Deb Reynolds, and Seth Sjöholm

Public Forum

Tim Cavileer, a Co-op owner and the chair of the Moscow Community Garden advisory board, spoke to the Board about his concerns regarding the Hamilton Community Garden. The Co-op has plots at Hamilton, and Tim said he wanted to make sure the Board is aware that the City uses Roundup around the garden area. He knows that education and environmental issues are important to the Co-op, and he doesn't think Hamilton's use of Roundup is well known. He said he did not want to badmouth the Hamilton gardens; he just wants to make sure the Co-op is aware of the use of Roundup. He thinks the Co-op should reconsider having its gardens at Hamilton, and he invited the Co-op to rent plots from Moscow Community Garden. He said the Moscow Community Garden is all organic and no chemicals or pesticides are used. He said he would appreciate a response from the Board after directors have a chance to consider his comments.

Public Forum is a time for the Board to listen to comments; follow-up is considered outside of the forum.

STUDY & ENGAGEMENT: Learning about growth

The Board and GM discussed what they found most interesting and useful from two readings: [Learning While Leaping – Wheatsville Food Co-op's Expansion](#), and [Wheatsville's BIG Direction – Making the Ends Real](#). Directors shared the following highlights from the readings:

- Wheatsville's General Manager recognized that in addition to working in his current role he was stepping into the role of project manager as the store pursued expansion. There were positives and negatives associated with this.
- Wheatsville's GM found a store audit to be the most valuable piece of his expansion research. The audit captured insights from other co-op managers and led Wheatsville on a clear path for improving its current store before expanding to an additional location. Melinda shared that we had this kind of audit through the NCGA in 2008, and so we are not eligible for another one through the NCGA. **Action:** Melinda will send the Board a copy of the 2008 NCGA audit.
- "Change Management" was important for getting Wheatsville management and Board members aligned and mindful of the different ways in which people can respond to change.
- Wheatsville communicates a simplified version of its Ends policies. It involves three simple concepts that clearly and concisely reflect their valuing of relationships and social justice: more happy people, more co-op economy, and more local/organic/sustainable food.
- Wheatsville did a tremendous amount of planning work, which made the actual physical expansion process easier than it might have been. Part of this involved paring down product selection at their existing store to free up back-stock space and floor space and increase cash flow. Melinda shared that the Co-op is increasing its category management to better control

inventory and create more space. Several directors found the idea of having fewer choices, but still good choices, appealing.

- Challenges can continue, and even increase, right after a new store is built: loose ends can test patience that already was waning during construction, and there are challenges in learning how to run a newer, larger operation. It's important to be mentally prepared for this.
- Wheatsville found it essential to have a clear, memorable message about what it was trying to accomplish with its renovation: "Make Wheatsville a better place to shop and a safer, more efficient place to work."
- After its first expansion, Wheatsville's GM wondered whether they should have tried to expand more quickly and open more stores.

Directors decided to start a list of ideas for what they think the Co-op needs to do to prepare for growth:

- If/when the time comes, the Co-op should hire a project manager. This is important for managing a commercial project.
- The Board should do some work to prepare itself for talking to owners about growth. Directors agreed that it is important to be aligned around a message that is succinct and free of jargon, especially for responding to people who may have concerns about growth and change. This alignment should include managers and staff. Wheatsville's GM found it very helpful to read the book: *Managing Transitions: Making the Most of Change*, and perhaps the Co-op Board would like to read this together.
- Directors may want to use the survey from the transitions book to gauge their own feelings about change, comfort, and risk. This could be fun to do during the Winter Retreat.

Action: Directors should email Joan any ideas they have for the list of ways to prepare for growth.

CONSENT AGENDA

Minutes:

Motion to accept the August 2014 BOD meeting minutes, seconded, passed 6-0-0

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.

Motion to accept B3 and find it in compliance, seconded, passed 6-0-0

Policy A1.1: Maintain Economic Sustainability

The GM provided a written report about her efforts to ensure that the Co-op continues to be a viable business; growth, profitability, solvency, and liquidity are the financial indicators used to demonstrate compliance.

Motion to accept A1.1 and find it in compliance, seconded, passed 6-0-0

Policy B1: Employee Treatment

The GM provided a written report about efforts to ensure that employment conditions are humane, fair, dignified and in accordance with the employee Personnel Policy Handbook.

- The GM was asked to increase her use of concrete examples in her reports. For example, if something is described as effective it would be helpful to have examples of that effectiveness.

This substantiation also could include attaching or linking to examples of forms that she talks about, such as the updated employee evaluation forms.

- Bill expressed that he has some concern about voting for compliance, largely because of recent issues around the communication of changes that, for some, seemed arbitrary. Fairness is called for in the top-level policy language.

Motion to accept B1 and find it in compliance, seconded, **passed 5-0-1**

Policy B9: Current Financial Conditions

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

The Board, Melinda, and Hunt (Store Operations Manager) talked about factors that could be contributing to higher payroll expenses and a decrease in net profit. Melinda and Hunt shared that staff turnover can lead to extra expenses, especially because new employees require the help of other employees during their training. Also, there are expenses associated with improving staff retention – these investments should pay off in the future. Bill expressed concern that personnel costs are a higher percentage of sales than at some other times in the past. He said he wants to make sure everyone is aware of the data and has information about our efforts to improve net profit.

Motion to accept B9 and find it in compliance, seconded, **passed 6-0-0**

BRIEF ANNOUNCEMENTS AND ACTION ITEM FOLLOW-UP

Colette shared that she will be out of town for the October Board meeting. Glenn, as Vice President, will chair the October Board meeting.

Ongoing as of September 9, 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 Joan 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 reconsider B13's language and any other B policies for alignment with the new Strategic Plan priorities. *On agenda as full Board discussion*
- 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.
- Policy & Bylaw will draft policy changes that address what's needed to guide future Strategic Plan processes.
- 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.
- Board members will discuss writing a series of articles about the strategic plan priorities, possibly starting with the October issue.
- The Board will review its financial indicators after the Strategic Plan update is finalized.
- Melinda and Joan will communicate to Advancement the details needed for the design of the primary, visual Strategic Plan document.

Done

- ✓ Directors should email Melinda their ideas for increasing the number of locally made goods/crafts from producers in nearby rural areas.
- ✓ Melinda will work with management to organize a joint Board/Management dinner gathering in October.
- ✓ Melinda will provide the Board with a corrected "Revised Equipment & Improvement Schedule."
- ✓ P&B will present a draft committee work plan at the September Board meeting.
- ✓ Idgi will take the lead on minor wordsmithing/editing of the draft Strategic Plan introduction and send her update to the full Board, Melinda, and Joan R.
- ✓ At its September meeting, the Board will discuss whether any B policies (B6, B7, B13, etc.) are more about vision than GM limitations.
- ✓ Joan will update the Strategic Plan timeline with information from the August 12th meeting.
- ✓ Joan will communicate to the HR Coordinator the Board's grievance changes made by vote and its two recommendations regarding the general grievance policy.
- ✓ Joan will work with Tiffany to produce an announcement for PO openings on the elections committee, basing the announcement on the charter.
- ✓ Joan will provide Laurene with all of the other committee's charters to use an example for Owner Engagement.

CONFIRM AGENDA

The discussion about the B policies was moved to earlier in the agenda, after the proposal to edit the bylaws.

BUSINESS AGENDA

Strategic Plan introduction & content (proposal)

The Board considered a draft introduction to the Strategic Plan and a plan for the content and its design. During a recent work session directors discussed creating a primary, visual document that presents the strategic priorities, the goals that provide focus for each priority, and the desired result/End. A more detailed version that includes strategy would be available to those who request it. This plan came out of an August Board work session as a moved and seconded motion for adoption.

Motion to adopt the Strategic Plan design and content plan **passed 6-0-0**

MFC mission statement update (proposal)

Colette gave an overview of how an updated mission statement came about as a proposal. At the Board's August work session directors considered the effectiveness and appropriateness of the current mission statement: "Moscow Food Co-op -- Building a strong, dynamic, consumer owned natural food cooperative through the use of ethical and sustainable business practices." This consideration is part of the Board's process to ensure the foundational pieces for the Co-op's strategic goals are aligned. During the session Melinda shared that the management team had recently talked about how to better express the essence of the Co-op's work. They had articulated that the Co-op is about "nourishing and nurturing our community," and directors talked about building on this to update the mission and make it: "Moscow Food Co-op: Working together to nourish and nurture our community." Directors felt that this statement does a great job of capturing the essence of the Co-op's work in a more concise and memorable way than does the current mission. This proposal came out of an August Board work session as a moved and seconded motion for adoption.

Motion to adopt the updated mission statement from the Board's August work session **passed 6-0-0**

Bylaws edit (proposal)

The bylaws (2.1) state that Co-op members are owners and that the bylaws should refer to them as owners. However, after that statement there are several references to “members”.

Colette proposed that this is an editing issue, and member references should be replaced with the word “owner” for congruence with 2.1. Laurene suggested that the paragraph that defines ownership also could be rewritten with more commonly accepted legal phrasing. There was discussion about the merits of using more technical language.

Deb Reynolds, the Co-op’s Finance Manager, said it’s important to use “owner” consistently because the word “member” implies membership in the way that it works for traditional corporations, and membership revenue is not exempt from taxes in traditional corporations. However, profit from cooperative ownership can be protected from becoming taxable income. She recommended erring on the side of caution and changing the wording to further substantiate that owners are different from members. She added that a regulatory issue would likely trigger the Secretary of State to look at our bylaws, and so making them as formal as possible with recognizable legal phrasing would be helpful.

Some directors thought that any edit would constitute an amendment to the bylaws, which requires approval via a meeting of owners and a specific window for notification. If the Board opens itself up to this process, it may want to consider whether other changes should be proposed.

Motion to temporarily amend the Co-op’s bylaws to change references to “members” to “owners” where appropriate as described in section 2.1 for consistency, seconded, **passed 6-0-0**

Action: 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.

Action: 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.

B Policies: Reviewing for purpose (discussion)

Kurt first updated the Board on the Policy & Bylaw Committee’s work plan. Committee work is largely shaped by policy needs that the Board refers to Policy & Bylaw, and when not working on those requests the committee will work on policy needs related to growth and the Strategic Plan.

B13

- Kurt shared that the committee talked about whether B13 overlaps with any Ends. There seems to be overlap. B13 is essentially about sustainability/green commerce, which also is part of the Ends. He wondered if this would lead the GM to have to produce duplicate reports.
- Melinda noted that the problem may be that B13 is written in a way that is more visionary than it is limiting of the means for reaching the Ends.
- Idgi wondered if B13 is necessary if the topic is in the Ends. However, B13 appears to contain the only reference to vendor relations. B13 says what the GM “must” do – should some of those things instead fall under the related End policy, as requirements? The means by which something is accomplished should be left to management.
- Bill said executive limitation policies limit the means by which the Ends are accomplished. He does not recommend dropping them.
- The policy topic heading (Community Stewardship) doesn’t match well with what is in B13.

Action: 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.

B6 and B7 will likely be examined by the Owner Engagement Committee as part of their consideration of how policy should guide owner engagement.

[Kurt Obermayr left the meeting at 7:40 p.m. to attend another meeting.]

Elections timeline/Board opening (discussion)

Bill shared outcomes from the recent Elections Committee meeting. The process for the 2015 Board election will begin soon:

- The application window will open and publicity will begin on October 1st, 2014.
- The application deadline will be Friday, January 9th so that there is time after the holiday season for people to apply.
- The committee will consider candidate eligibility before the Tuesday, January 13th Board meeting. The Board will consider the slate of candidates at the Jan. 13th meeting.
- Candidates will be announced in the February newsletter (~Jan. 15th submission deadline).
- The election will run from Monday, March 2nd through Sunday, March 8th.
- The Candidates Forum will be held at the beginning of voting week, possibly on March 2nd or 3rd.
- New directors will be seated in April, before the Annual Meeting.

The committee determined that the Kenworthy is the best option for the Candidates Forum; it is available for either March 2nd or 3rd.

No one has applied for the current opening that the Board seeks to fill by appointment. The committee decided that it would still consider anyone who comes forward before the end of September; the regular election cycle begins in October, and it no longer makes sense to continue to seek to fill the opening by appointment.

Recruitment efforts continue to be essential. The committee is looking for ways to reach a more diverse range of people. This could include talking to graduate students about how serving as a director is a professional development/educational opportunity. Being a Board member could be marketed in terms of skill sets and traits that help a variety of people, including people in their 20s and 30s, see Board service as appealing and approachable.

BOD-Owner Engagement options (proposal)

Directors discussed what kind of activity would work best for the Board's need and desire to engage with owners. Breakfast with the Board stopped a few months ago, and directors have not been able to consistently attend gatherings of various Co-op groups as they had planned. Directors shared alternative ideas, such as dinner/beer with the Board, quarterly forums, using a parking space or two to set up a table during warmer weather, or resuming Breakfast with the Board.

Directors talked about how Breakfast with the Board on Saturday mornings was great for making the Board visible to many people, but it was hard to have a conversation during this noisy and busy time. Colette suggested making Breakfast with the Board more approachable for customers by structuring it to be more interactive and hands-on. People could be presented with close-ended questions and have a

visual/hands-on option for registering feedback if they didn't want to share their thoughts in a conversation with a Board member. A less busy time and/or location could be used for this kind of engagement activity.

Action: Bill and Glenn will figure out a time and focus for an owner engagement opportunity in October and share set-up needs with Joan.

Planning the Board-Management dinner (discussion)

The Board/Management dinner is set for Tuesday, October 7th, at 5:30 p.m. at Moscow Brewing Company. It will be catered by Gnosh.

Committees: Reports/Work Plans (Report)

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

Nominations & Elections: Its work was discussed earlier in the agenda.

Policy & Bylaw: Its work was discussed earlier in the agenda.

Professional Development: Glenn said that the committee did not meet in the last month.

Executive Committee: The committee had its monthly call with consultant Todd Wallace.

Owner Engagement: Laurene said she will set a meeting date and time for the committee to begin working on its action items. She will let Colette know of the time in case Colette can make it to the meeting.

Strategic Initiatives: Strategic Plan work was discussed earlier in the agenda.

BOARD ASSIGNMENTS AND MEETING REVIEW

Newsletter assignments

Due September 15:

- Strategic Plan/Growth/Mission (Colette)
- Elections/recruitment (Laurene)

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

Regular meeting adjourned at 8:21 p.m.

Notes taken by Joan Rutkowski

The next meeting will be Tuesday, October 14, at 6 p.m. (with dinner beginning at 5:30 p.m.) in the Fiske Room of the 1912 Center.

Signature of the Board President

Date