

**Minutes of the  
Marquette Food Co-op Board of Directors  
July 21, 2015 Meeting**

**Start time:** Meeting was called to order by vice president Brian Brady at 6:01 p.m.

**Roll call:** Brian Brady, Phil Britton, Barbara Krause, Janna Lies, Mike Potts, Emily Wright, Brad Jackson.

**Absent:** Tom McKenzie (excused), Cori Noordyk (excused).

**Staff:** GM Matt Gougeon, Natasha Lantz, Mary Moe, Kelly Cantway, Evan Zimmerman.

**Public:** None.

**II. Preliminaries:**

**Approval of Agenda & Additions:** The agenda was reviewed and no changes were made. (During the course of the meeting, L1 was moved before the Store Report and the break was moved after the Outreach Reports.)

*Motion:* To approve agenda without changes (*motion by E. Wright, second B. Jackson*).

*Action: Motion passed unanimously.*

**Review of June Minutes:** The minutes were reviewed and no changes were made.

*Motion:* To approve the June minutes without changes (*motion by B. Krause, second P. Britton*).

*Action: Motion passed unanimously.*

**Electronic Communications:** None.

**III. First Public Comment:** M. Potts raised a note of interest concerning local currencies and shared a newsletter from the People's Food Coop. The Board discussed local currencies and similar efforts in Marquette.

**IV. GM Monitoring**

(a) L1 – Customer Treatment (M. Gougeon): The Board received and reviewed the written L1 report prior to the meeting and came prepared to act. The Board determined that the report demonstrated compliance.

*Interpretation Reasonable:* Yes.

*Adequate Data:* Yes.

*The report was accepted as in compliance.*

The GM invited questions pertaining to the report. The Board inquired about local purchases and the GM explained that other Great Lakes Co-ops have a higher percentage of local products, however there is less grown locally in the UP so less local product available. The GM would like to see local purchasing improve. The Board asked about the impact of the Food Safety Program

and whether it has resulted in local vendors being turned away due to compliance issues and the GM reported that the Food Safety Program has not caused the MFC to turn away local vendors.

(b) Store Report (M. Gougeon, K. Cantway, M. Moe): The GM reported that sales continue to be strong, growing at a healthy 6%, and July is on track to crest \$700,000 in sales. The preferred share offering has launched, although somewhat quietly at this point. Packets of information were provided to shareholders. The GM reported that the new MFC website has been delayed, however once it is ready there will be a more public announcement. The GM informed the Board about staffing changes. Kim Sheridan has been hired as the POS Coordinator. This left an opening for the Grocery Manager position, which is expected to be filled this week. Amber Neely is leaving the MFC and is being replaced with Dave Kalichec. The Safety and Security Plan is well underway and five additional security cameras will be added outside the store. The MFC has created a Cyber Acceptable Use Policy and Cyber Security document, which were shared with the Board.

M. Moe reviewed upcoming local events that are expected to have an impact on MFC operations, including the Ice Cream Social with the MFC Board, monthly supervisor and manager trainings, upcoming conferences, monthly showings of “Food for Change” for MFC staff, Blueberry Fest, Safety Training, “Snacking with the Spirits” in connection with the History Museum, Hog Fest, Culinary Tour, Local Farm Tours and dinner, the upcoming quarterly Co-op Essentials session, and Co-op Month in October.

K. Cantway provided an HR update and reported that the MFC is working toward being a model workplace. For Safety Week, an OSHA inspector has been invited to help identify areas that can be further improved. The Safety Plan also addresses food handling and violence in the workplace. Supervisor and Manager trainings are being planned and implemented. There is a four-hour Co-op Essentials orientation for new employees, which will also help educate staff about natural foods. HR is examining the wage scale and considering timelines for compensation changes. The employee newsletter has been revamped and readership has increased. HR is also looking at efficiencies for tracking and reporting. October is open enrollment month for benefits.

(d) G1 – Governing Style (T. McKenzie): B. Brady reviewed G1 in T. McKenzie’s absence. The policy was discussed and no changes were recommended.

**V. Second Public Comment Period: None.**

## **VI. Outreach Reports**

(a) Outreach Report (N. Lantz): Lantz reported that the Ice Cream Social is being advertised in the store and on social media. The Board is asked to wear their MFC t-shirts and nametags and to arrive at 5:15pm. The social will be from 5:30–6:30pm on Wednesday, July 22. Lantz reported that farm site visits are ongoing and entail looking at food safety, animal care techniques, soil health, etc. This year the MFC provided a questionnaire ahead of the site visits, which has worked well. Farm Tours are in their tenth year this year and will combined in a single day of tours followed by a dinner. Local Vendor Profiles are underway to help customers shop their food values. The MFC is moving toward compostable packaging. The website launch has been

delayed but is expected to launch by the end of the week. Planning for Co-op Month in October is underway. The Harvest Potluck will be on October 2. The MFC is working on a comprehensive branding project.

(b) UP Food Exchange Report (N. Lantz): Lantz reported that the press release went out yesterday and circulated a copy of the report. Lantz reported that UPFE is involved with SGI, a grant funding group that benefits industries. Marquette County is looking at ways it could utilize Sawyer. UPFE is preparing a grant proposal for a feasibility study to look at meat processing in the UP. Lantz and the GM have been invited to participate in a local food metrics workshop at the state level. Neil is continuing to broker relationships for the online marketplace and is exploring aggregation and distribution in the UP.

## **VII. Break**

## **VIII. Board Monitoring & Discussion**

### (a) Committee Reports:

(i) GM Evaluation (J. Lies, B. Brady, and T. McKenzie.): Did not meet. Secretary provided the Monitoring Report. The Committee will meet next month.

(ii) Finance Committee (B. Krause, J. Lies, and B. Brady): The committee met to review financials and discussed credit card versus cash sales. Credit card fees amount to 1-2% of sales. The GM commented that this is expected to be about \$80,000-\$90,000 this year.

(iii) Communications Committee (P. Britton, E. Wright, B. Jackson, and C. Noordyk): Did not meet. The next blog post is assigned to P. Britton. The first blog post was delayed due to website delays.

(iv) Bylaws Committee (T. McKenzie, B. Krause, and P. Britton): Did not meet.

(v) Orientation Committee (E. Wright, M. Potts, and C. Noordyk): Did not meet.

(vi) Elections/Nominations (B. Jackson, C. Noordyk, and M. Potts): Did not meet.

(vii) Ends Survey 1–3: Because of website delays, the blog post and corresponding survey questions have been delayed.

## **IX. Third Public Comment: None.**

## **X. Closings**

### (a) August Assignments:

- i. Store/Expansion Report (M. Gougeon)
- ii. Outreach Report (N. Lantz)
- iii. Review and Approve Committee Charters and Procedures
- iv. G2 – Board Job Description (P. Britton)
- v. L5 – Financial Condition – 2<sup>nd</sup> Quarter (M. Gougeon)

**XI. Motion to adjourn at 7:30 p.m.** (*motion by B. Krause, second E. Wright*).  
*Action: Motion passed unanimously.*

**Next Board Meeting: August 18, 2015 at 6:00 p.m.**

Emily Weddle  
Board Recorder

## Monitoring Report

**Policy Type:** Executive limitations

**Policy Title:** L1 – Treatment of Customers

Reporting Period: July 21, 2015

**I report compliance with all policies within this report. New information from the last reporting period is highlighted in yellow.**

Global: ***The General Manager will not fail to ensure that our customers receive high value in our products and services.***

**Interpretation/Operational Definition** – The word “customer” is inclusive of Marquette Food Co-op Owners, other shoppers, and services and programming participants. It also includes vendors. High value as applied to products sold in the store means a balance between product price, quality, and origin. High value in service as applied to customer service means a helpful, informed, and attentive staff. High value applied to other services offered by the MFC means services delivered by professional staff dedicated to community outreach and food education. High value applied to vendors means timely and efficient orders and payment.

The GM will not:

**L1.1 *Fail to offer a range of products and services that meet our customers’ needs.***

**Interpretation/Operational Definition** – The GM will direct staff to fulfill customer expectations through a variety of product selection and service offerings as defined by our Global Ends policy.

**Data:**

*Selection*

It is commonly known that our members desire wholesome, organic, local, and fairly traded products. It is articulated so in the Ends Policies of this organization. In any given month, the MFC, stocks between **15,000 and 20,000** unique items in the store on any given day. It is also known that members of the MFC desire value pricing on product. It is difficult to do both of these things simultaneously.

*Local*

Local products may be found in the store within almost every category. "Local" is most prevalent in the Produce Dept. Last year Local comprised 10% of total store purchases and accounted for roughly 9% of total store sales. This suggests that Local products sell rapidly, turning over at near the rate of purchase. Though our store saw significant growth in purchases and sales (22.4%) Local purchases only grew at a 4% rate after I informally expected 10% growth. This reflects a limited availability of local products. See data packet for On Hand Inventory Summary as of June 30, 2015. See also the store shelves.

### *Pricing/Value*

Product for product comparisons in the past have shown we consistently beat our competition on price. Note that it is somewhat difficult to do such comparisons because we carry a far wider range of organic, wholesome, local, and fairly traded products than can be found in other stores. Because of national trends in natural foods retailing, we have undertaken the work of creating a pricing strategy to better serve the needs of our members and customers relative to price. In large part it is known that Co-op's suffer from a poor price perception. We are not immune to this trend. Conversely Co-op's are, on a national scale, up against the opposite perception that corporate competitors have lower prices. Neither perception is precisely accurate. Part of the work of creating a pricing strategy is doing extensive price comparison at local competitor stores. As we develop these, they will be presented to the Board of Directors. Through the remainder of 2015 our pricing strategy work will continue.

### *Organic*

Annually, 100% of produce in the store is certified organic or is grown to organic standards as witnessed by the Produce and Outreach depts. Roughly 60% of other products in the store are organic or partially organic. We know that since we have adopted Category Management, a technique of identifying bestselling and slow moving items in the store, with the intent of eliminating slow sellers to highlight popular products and find opportunities for new products, we feel we are staying in touch with member need via their shopping habits. Through category management we have seen that shoppers will choose price over product integrity sometimes. Price has never been a determining component of any buying policy adopted by this store. Value, however, has been a component of policy- including this policy. Price and value are opposite sides of the same coin and finding some balance between organic integrity and price is the intent behind our pricing strategy work. What I wrote in this report last year holds true today. "Three years ago we moved from a restrictive detailed buying policy to a more broad policy with plenty of buyer latitude because of difficulties that restrictions caused. Although organic products have decreased in number, sales have increased in the same time period. In part, this is due to the relative "science" of category management in the store, i.e. the use of hard data to assist in product selection based on product movement, i.e., what is selling and

*what is not. What may get “lost” in the translation is how product choices, based on data, align with Ends Policy and Buying Policy. This is where the rubber meets the road between store buying policy and Board written Ends Policy and will be addressed this year”.*

**L1.2 Allow an unsafe or unpleasant shopping experience for our customers.**

**Interpretation/Operational Definition-** The GM will maintain the store in such manner as to provide customers an atmosphere conducive to shopping, a staff trained to a high degree of customer service, and a store free of hazards and encumbrances.

**Data: Store Atmosphere-** The store is cleaned daily by staff throughout each day and is cleaned by contract professionals six nights per week. Dedicated deeper cleaning is provided 20 hrs. per week.

The store is attractively decorated. *See the store.*

The store has purchased a Business Pandora music service. This provides both the necessary licensing for playing music publicly as well as pleasant selection of music for shoppers.

**Customer Service**- Offering the best customer service in town is what we strive for. All staff are given a customer service overview upon the start of their employment with us. Our Front End staff discuss customer service at monthly meetings. They are coached in our Core Customer Service and Organizational Skills. Areas of focus include Enthusiasm, Accuracy, Respect, Communication, Teamwork, and Smiles. We utilize Zingerman’s “Zingtrain” video to help our staff learn how to offer our shoppers a truly fantastic experience.

Staff also receives comprehensive store training through Co-op Essentials. This training program, developed by HR and management, trains staff in the Co-op Business Model, Customer Service, Outreach, Local & UPFE, and Loss Prevention. These trainings happen twice monthly and is mandatory for each employee. These workshops help staff build confidence and knowledge in the co-op business model, store products, community partners and projects, and more and is an important tool that helps us provide our customers with great service

*See customer service standards and expectations policy. See Co-op Essentials Booklet.*

**Customer Safety**- The store is generally free of safety hazards. *See Accident Report.*

A safety Committee has been formed and is comprised of both staff and management. They are led by Victoria Jungwirth of our HR Department. Their charter is to identify safety hazards and make recommendations to rectify them. They are also charged with creating a comprehensive safety and emergency plan as requested by the Board of Directors. The safety plan is inclusive of what to do during emergencies and includes policy by which all staff must abide. Specific trainings from the Fire Dept.(fire extinguisher use), Police Dept.(theft and robbery), and the

Employee Assistance Program (workplace violence) for management and supervisors are scheduled and underway. Additionally a scheduled visit from the Michigan Occupational Safety and Health Administration (MiOSHA) will inform us of other safety precautions other than those undertaken that we need to consider.

**L1.3 *Operate without a system for soliciting and considering customer opinion regarding preferences, product requests, complaints, and suggestions.***

**Interpretation/Operational Definition** – The GM will administer mechanisms that gather customer input regarding products, services, desires, and criticism. The GM will gauge such input as to its relative worth compared to our Ends Policies.

**Data:** The MFC has in place an active customer suggestion system in which every attempt is made to reply to each customer inquiry/complaint that is supplied with contact information. Suggestions are directed to appropriate staff or management for response. The MFC receives on average 8 suggestions per week, mostly regarding product. We also receive suggestions for improvements or added amenities and inquiries about our store facility. The Customer Suggestion system allows customers to communicate specifically to operations. All complaints are sent to the GM or handled by Member Services in the Outreach Dept. All customer suggestions or complaints are logged into one spreadsheet that tracks the suggestion to its final resolution. Social media plays a significant role in interfacing with our members and customers. Product highlights and specials are posted to our Facebook page. Members often comment on their experience in the store or at a Co-op sponsored event. Those comments range from questions about prepared food ingredients to product searches. Members also use social media to opine about food related issues, both nationally as well as locally. *See data packet for suggestion forms and complaint spreadsheet.*

Additionally, we gave an extensive survey to members and other shoppers about their experience shopping in the new store. More than 700 respondents gave us their opinion. The Board of Directors was given the survey results at a previous regular meeting. The results will inform us on a few necessary changes to operations, help us communicate with members better, define the direction of our pricing strategy, and guide new marketing efforts.