

**Minutes of the
Marquette Food Co-op Board of Directors
December 20, 2016 Meeting**

Start time: Meeting was called to order by president Phil Britton at 6:11p.m.

Roll call: Phil Britton, C. Noordyk, E. Wright, B. Cromell, M. Augustyn, B. Jackson, R. Kochis, M. Potts, G. Sarka.

Absent: None.

Staff: GM Matt Gougeon. Evan Zimmerman, Sarah Monte.

Public: None.

II. Preliminaries:

(a) Approval of Agenda & Additions: L6 – Budgeting and Financial Planning was postponed until January meeting.

Motion: To approve agenda with changes (*motion by* B. Cromell, *second* C. Noordyk).

Action: Motion passed unanimously.

III. Consent Agenda:

(a) Approval of November Minutes

(b) Electronic Communications

(c) G6 – Governance Investment (E. Wright)

Motion: To approve consent agenda as stands (*motion by* C. Noordyk, *second* B. Cromell).

Action: Motion passed unanimously.

IV. Public Comment Period: None.

V. GM Monitoring

(a) Store Report (M. Gougeon): Written report was provided and GM provided a recap of MFC operations in 2016. He explained that a new wage schedule and wage increases took effect for everyone on staff on their hire date anniversaries in 2016. Moving forward, the MFC would like to continue to work toward increasing compensation. The GM discussed the Operational Strategic Plan, which identified four key goals including developing a comprehensive marketing plan, which has been completed; reaching 5,000 owners, which has been achieved; and achieving 85% employee retention by the end of 2017; toward which progress is being made. The MFC currently averages 3.25 staff turnover per month, which is a 64% retention rate. Another goal was to increase access to food, goods, and services at the MFC by 2018. Toward this goal, the MFC has implemented Double Up Food Bucks, the 5/2 Owner Plan, Pricing Strategy, Specialty Crop Block grant that opened up free cooking classes, and an increase in Farm to School fundraising. The GM reported that sales trends in the first quarter of 2016 were lackluster, however work was done on pricing strategy and increased marketing to improve sales in the second quarter. The GM reported that October had 10.5% growth, however so far the month of December has had negative growth. The GM summarized that 2016 was a year of increased productivity at the MFC. Competition and food deflation was discussed. The GM noted that this is the longest stretch of deflation in food in the last 60 years. Over the past year, the MFC reduced staff from 94 to 81 employees and increased to 84% full time employees, improved its hiring process, and reached its first SPLH goal of \$70. The MFC received an operational audit

from NCG and used recommendations from the audit to improve financial reporting and increase productivity and profitability. Following recommendations from the audit, the store will have inventory counted by a third party and observed by a third party auditor. In 2016, the Produce Department developed crop production planning with farm partners, which the GM reported has worked well, and further improvements will be made to the system for 2017. There is new leadership in Outreach Department and a new Prepared Foods manager. The GM noted that the MFC remained a community partner to MSUE, hospitals and health plans, schools, municipalities, and businesses in 2016. The Board discussed decreased sales during winter and the drop in sales seen during the month of December. The Board inquired about whether the Strategic Plan would be updated, and the GM explained that both the Strategic Plan and Marketing Plan will be updated annually. The Board discussed customer service and shared comments about customer engagement. The GM commented that there are instances of tremendous customer service and instances of customers not being engaged. It is something that the MFC will continue to address.

VI. Outreach Reports

(a) Outreach Report (S. Monte): Monthly owner statistics were provided for the Board to review. Monte reported that an NMU student contacted the MFC for her final project focusing on civic participation. Questions were posted on Facebook and email and there were 263 responses. The MFC entered an NCG contest related to promoting products made by co-ops during Co-op Month. The MFC won the contest and received a \$500 REI gift card, which will be used for the grand prize at the annual meeting. The store is at 57% of its \$4,000 goal for United Way round up at the register. The campaign will open back up for short times to help reach the goal in the coming year. The Specialty Crop Block Grant report has been submitted. Outreach will be trying new approaches to advertising classes to reach new groups of people and will try to continue to meet the demand for private classes. The MFC is working with PWPL to offer curriculum specifically for children based on Michael Pollan's Food Rules. Programming begins January 14. The first Fresh Feed email newsletter will be coming out in January. There will be changes in the café with a reusable bowl program, and recycling and garbage in the café will be streamlined and labeled to help educate consumers. The new Prepared Foods manager has started creating monthly schedules, which will be updated online and promoted in the store, posted on Facebook, and tweeted daily. Temporary price reductions will now be used as in-store specials. All shoppers will get 10% discount on specials, and owners will get a 20% discount. The Board noted that the owner survey on the website can come down since the Board's surveys have concluded. The Board discussed school fundraiser programs.

(b) UP Food Exchange Report (S. Monte): Monte discussed the school fundraiser program and noted the MFC also worked with a gymnastics team for a Farm to Fitness fundraiser. The MFC is developing promotional materials to promote fundraisers. Schools can tailor their fundraisers to make it unique to their school. Monte explained that the goal is to be able to work with any school that approaches the MFC in the future. Data on the program will be provided in the future. Monte reported that consultants have been contracted for inventory mapping and they will be sending out a survey to superintendents. UPFE is creating a survey for across the UP and asking city and county planners to inquire about barriers to agriculture, which will help the program develop strategies for how to best proceed moving forward.

VII. Second Public Comment Period: Evan Zimmerman commented that in the coming year a major theme will be developing more insight in the process through more data. He commented

that conventional stores have started focusing more on customer service. He explained that as technology develops, stores have better access to more data, and spending more time on data often means spending less time engaging customers. He commented that tools can be used and systems can be put in place over time to relieve the administrative burden so focus can return to customer service. He shared that more information will be available online to MFC customers in the coming year, which will help reach customers on their phones and devices. Evan shared about emerging grocery technologies, which can help customers access more information about products.

The Board asked about the 5/2 Plan and whether cashiers are encouraged to promote membership enrollment when customers are not members and discussed it could be a missed opportunity if non-members are not engaged.

VIII. Board Monitoring & Discussion

(a) Committee Reports:

(i) GM Evaluation (P. Britton, C. Noordyk, R. Kochis): Completed.

(ii) Finance Committee (B. Cromell, P. Britton, G. Sarka, R. Kochis): Met prior to the meeting. All committee members were present. Discussed October financials and year to date, and SPLH for last several pay periods. The committee reported that October was good, November had a small loss, and December is not looking great. There was 10.5% growth through November 8. Since then, growth dropped to 2%, and it is possible December will see negative growth. The current ratio is at 1, which is a good thing and something the store has been working toward. The committee talked about margins and deflation, and the AP average, noting that nothing is over 60 days right now. The new time clock system is rolling out, and scheduling and SPLH were discussed.

(iii) Communications Committee (C. Noordyk, M. Augustyn, E. Wright, B. Jackson): Did not meet. Will be meeting in the next few weeks and will be sharing information about the upcoming retreat. Newsletter content was discussed.

(iv) Elections & Nominations (C. Noordyk, M. Potts, G. Sarka, E. Wright): Did not meet. Three members of the committee are running for reelection. Committee would like to have temporary members that are not running for reelection meet to take the next step to recruit applicants. Two applications have been received in addition to applications for current Board members running for reelection. The Board discussed that the committee should consider encouraging all new board applicants to attend a Board meeting prior to the election. B. Cromell and R. Kochis volunteered to serve as temporary committee members.

(v) Board Education & Orientation (B. Jackson, M. Potts, M. Augustyn): Did not meet.

(b) CBLD Discussion: P. Britton and GM had conversation with Co-operative Board Leadership Development and learned about various consultants that might be available and the cost of the program. P. Britton reported that he thought it was in line with what the Board has discussed in terms of the education needs for the Board and discussed services and benefits that would be offered under a one year contract. Board discussed individual investment in training and participation and the need for Board members to become more invested. GM had a second call

concerning the Power of Participation program, which identifies all stakeholders from members, vendors, staff, community, etc. for in-depth internal audit, but the program is costly. GM shared that the CBLD program can also give the Board more perspective on broader cooperative world. Discussion was held concerning the benefits of participating in the program and having a consultant begin working with the Board at its January retreat.

Motion: To engage and enroll in the CBLD program for 2017 (*motion by B. Cromell, second G. Sarka.*)

Action: Motion carried. Eight in favor, one against.

GM will follow up with consultant for January 14 Board Retreat.

IX. Third Public Comment: None.

X. Closings

(a) January Assignments:

- i. Store Report (M. Gougeon)
- ii. Outreach Reports (S. Monte)
- iii. Newsletter bios for BOD candidates due
- iv. Consent Agenda:
 - i. Approval of December Minutes
 - ii. G7 – President’s Role (R. Kochis)
 - iii. D3 – Delegation to GM (P. Britton)
 - iv. Annual Ends Report (M. Gougeon)
 - v. L6 – Budgeting & Financial Planning (M. Gougeon)

X. Motion to adjourn at 8:04p.m. (*motion by R. Kochis, second B. Cromell*).

Action: Motion passed unanimously.

Next Board Meeting: January 17, 2016 at 6:00 p.m.

Emily Weddle
Board Recorder