

**Minutes of the
Marquette Food Co-op Board of Directors
June 20, 2017 Meeting**

Start time: Meeting was called to order by president Phil Britton at 6:04 p.m.

Roll call: P. Britton, M. Augustyn, H. Bush, B. Cromell, R. Kochis, C. Morgan, C. Noordyk, G. Sarka, C. Thompson, B. Jackson, E. Wright.

Absent: None.

Staff: Mary Moe, Sarah Monte, Kat Eaton, Evan Zimmerman.

Public: None.

I. CBLD Consultant Call-In: Leslie Watson, CBLD consultant, provided a refresher on policy governance and overview of cooperative identity (definition, principles, and values) and reviewed Board Responsibilities: Establish co-op policies; Hire and supervise management; Represent members; Communicate with members; Assess co-op performance; Meet fiduciary responsibilities; and Preserve, protect and perpetuate the co-op.

Chain of authority and accountability: Owners → Board → GM/CEO → Staff → Ends.

10 Principles:

1. Ownership
2. Position of the Board
3. Board Holism (Board welcomes differing viewpoints but acts as a whole in decision making, legal action, etc.)
4. Ends Policies
5. Board Means Policies (Board writes down in policy how it will do its work. Ends are outcomes and big picture strategy, the means are how things are done. Includes board process and board-GM relationship.)
6. Executive Limitation Policies (Board delegates to GM that he may work toward Ends in whatever means necessary except for specified limitations.)
7. Clarity and Coherence of Delegation (Board must be clear about what is delegated to the GM and should still ask questions and seek to understand what is going on.)
8. Policies come in sizes (Starts with a broad delegation of power, but limitations become narrower and more specific as needed.)
9. Any reasonable interpretation
10. Monitoring (Written reports from GM addressing policy and data)

Board discussed thoughts on potentially incorporating Board Education at the beginning of meetings. Relevancy of content to all board members was discussed. CDS link will be provided to the Board.

II. Roll Call

III. Preliminaries:

(a) Approval of Agenda & Additions: Board Terms Begin and End was discussed and moved to beginning of agenda.

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

Action: Motion passed unanimously.

(b) Board Terms Begin and End: Outgoing Board members were thanked for their service. E. Wright thanked the board for the opportunity to serve, and B. Jackson thanked the board and commented on the exciting creative phase the board is entering.

IV. Consent Agenda: D2 was discussed but remained on the Consent Agenda.

(a) Approval of May Minutes without changes

(b) Electronic Communications

(c) D2 – GM Accountability (G. Sarka)

(d) L1 – Customer Treatment (M. Gougeon)

Motion: To approve consent agenda without changes (*motion by* B. Cromell, *second* M. Augustyn)

Action: Motion passed unanimously.

Discussion of D2 was held. The policy stipulates that the Board evaluates the GM based on store performance and ensures GM follows policy. The Board discussed that it shall not manage store operations. Executive limitations were discussed and explained to give the GM more freedom and flexibility to manage operations.

V. Public Comment Period: None.

VI. GM Monitoring

(a) Store Report (M. Moe): Operations Manager Mary Moe introduced herself and explained that she is sitting in for GM Matt Gougeon who is absent from this meeting. As Operations Manager, Moe works with managers for all six MFC departments and works with merchandising and promotions. Moe reported that April was up 6% over last year, and May was up 7%. Month to date growth is 9.25% and YTD growth is up 5%. Board inquired about role of pricing in increase in sales. Moe explained that prices are constantly adjusted, with more variability in fresh departments. There is an increase in traffic since tourism season has begun. It is expected that the extended summer hours will increase sales by \$30,000 by September. Sales Per Labor Hour (SPLH) is at \$72, and the goal is to get it to \$85. Third quarter last year was a big sales quarter and this year's third quarter is expected to be big. Changes are being made in the bakery. The store is getting a kegerator for kombucha. Bulk food reset has not yet seen anticipated positive results so additional promotions and signage are being planned. Dairy and other small resets are planned. Gray water system is fixed. Second quarter inventory planned for end of June. July 4th hours will be 8am – 7pm. Prepared Foods Assistant Manager Mark Hall is leaving the MFC. Customer Service focus this month is positive communication. Evan Zimmerman will report next month on Grocery IT and will report on the conference he attended. Board commented on positive customer service experiences.

VII. Outreach Reports

(a) Outreach Report (S. Monte): Outreach Director Sarah Monte explained the role of the Outreach Department at the MFC, which covers signage and graphic design as well as community development and projects related to fulfilling broader goals of the MFC. Monte provided a handout detailing the types of projects undertaken by the Outreach Department and encouraged the Board to email her if they have questions. The MFC is beginning to put more

focus on marketing and developing systems for sales and promotions. Specials and sales have helped boost sales in the store. Operations and Marketing are working together. MFC is working on an advertising campaign with TV6. ACHIEVE committee, which works on holistic health in the community through policy changes, has a series of events in July. MFC will be at Farmers Market doing food demos and promoting nutrition.

(b) UP Food Exchange Report (S. Monte): MFC is working continually with Abbey Palmer from the North Farm on the website and continuing education opportunities. Website will have an interactive map for the Farm to Schools program. Monte and Moe will be attending the MI Farm to Institution Network July meeting in Traverse City.

VIII. Second Public Comment Period: None.

IX. Break

X. Board Monitoring & Discussion

(a) Committee Reports:

(i) GM Evaluation (P. Britton, C. Noordyk, R. Kochis): Did not meet.

(ii) Finance Committee (B. Cromell, P. Britton, G. Sarka, R. Kochis): Met and discussed the Accounts Payable balance since it is slightly over thirty days. Decrease in cash from April to May in large part due to timing of payroll. Cash flow was discussed. Labor has been pretty consistent around 22%. There is a financial review by an external accountant underway and there will be an update next week. The Board discussed requirements and recommendations for the store to undergo an audit or review. The Committee reviewed comparisons of projections and actual activity and the store seems to be on track. Projections did not expect the store to see a profit in the first three years and the store came close to a profit last year.

Kat Eaton, Finance Manager, introduced herself to new Board members. Eaton is helping the MFC become more compliant with Generally Accepted Accounting Procedures as recommended by NCG.

(iii) Communications Committee (C. Noordyk, M. Augustyn, E. Wright, B. Jackson): Did not meet but is working with Sarah Monte for new MFC shirts and nametags for the Board. This year the Board is not planning a larger fall event since there is a lot underway in Outreach, so the Board will be getting involved with Co-op Month in October. Activities include bagging groceries, which is a great opportunity to engage with owners and staff, and sponsoring an event during Co-op month. Committee is also talking with Outreach about Board involvement with the "Getting to Know Your Co-op" Classes.

(iv) Elections & Nominations (C. Noordyk, M. Potts, G. Sarka, E. Wright): Did not meet.

(v) Board Education & Orientation (B. Jackson, M. Potts, M. Augustyn): Met to discuss CCMA.

(c) Officer Elections:

President: R. Kochis nominated P. Britton for reelection as President. No other nominations were raised. P. Britton will remain President.

Vice President: G. Sarka and P. Britton nominated C. Noordyk for reelection as Vice President. No other nominations were raised. C. Noordyk will remain Vice President.

Treasurer: C. Noordyk nominated B. Cromell for reelection as Treasurer. No other nominations were raised. B. Cromell will remain Treasurer.

Secretary: G. Sarka nominated M. Augustyn for Secretary. H. Bush nominated R. Kochis for Secretary. R. Kochis declined and M. Augustyn was elected Secretary.

(d) Form Committees: Committees should plan to meet before the July meeting to review committee charters and name a committee chair.

GM Evaluation: P. Britton, R. Kochis, C. Noordyk, C. Thompson

Finance: B. Cromell, P. Britton, R. Kochis, H. Bush, G. Sarka, C. Thompson

Communications: C. Noordyk, C. Morgan, M. Augustyn, H. Bush

Elections and Nominations: B. Cromell, M. Augustyn, H. Bush

Board Education/Orientation: C. Morgan, G. Sarka, M. Augustyn, P. Britton

(e) Set Board Calendar and Assign Monitoring: Calendar was discussed. Updated Board Calendar with assignments will be provided to the Board.

(f) CCMA Report: M. Augustyn attended CCMA and encouraged every Board member to attend in the future. The cooperative identity and developing a board narrative were discussed. Elections and Nominations were also discussed. M. Augustyn attended a session on NCG and gained a greater understanding of NCG and varying perspectives in the co-op world. In addition to the Board Calendar, M. Augustyn proposed developing committee calendars and using a shared calendar. Competition and understanding what makes co-ops unique from their competition are important points for communication in the community.

XI. Third Public Comment: E. Weddle commented on the enthusiasm M. Augustyn shared about co-op values and shared her enthusiasm about the MFC and the work the Board and staff do to make the MFC what it is.

XII. Closings

(a) July Assignments:

- i. Store Report (M. Gougeon)
- ii. L6 – Budgeting and Financial Planning (M. Gougeon)
- iii. Outreach Reports (S. Monte)
- iv. Nomination Committee Work Begins
- v. Set retreat date

vi. Consent Agenda:

1. Approval of June Minutes
2. Electronic Communications
3. G1 – Governing Style (R. Kochis)

XIII. Motion to adjourn at 8:57 p.m. (*motion by G. Sarka, second R. Kochis.*)

Action: Motion passed unanimously.

Next Board Meeting: July 18, 2017 at 6:00 p.m.

Emily Weddle
Board Recorder

Monitoring Report

Policy Type: Executive limitations

Policy Title: L1 – Treatment of Customers

Reporting Period: July 19, 2016

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

Our members desire wholesome, organic, local, and fairly traded products as articulated in the Ends Policies of this organization. The MFC stocks between 15,000 and 20,000 unique items in the store on any given day. Members of the MFC desire value pricing on product. In many categories of product on the store shelves shoppers are presented with a good, better, best selection. For example, our Meat Department carries local organic beef, local non-organic beef, and national non-organic beef. All have price points that reflect their relative attributes. The

Good, Better, Best strategy provides the customer a choice when it comes to their food budget and personal values.

Category Management is a technique of identifying bestselling and slow moving items through internal data and comparisons with other stores in our region. In this way we find opportunities for new products and helps us stay abreast of member need via their shopping habits. Through category management we have seen that shoppers will choose price over product integrity sometimes. Price and value are opposite sides of the same coin and finding balance between organic integrity and price is the intent behind our pricing strategy work. Category Management and SPINS/Satori reporting is used to keep a dynamic product mix in the store by identifying best-selling and slow turning products. In this way we are able to keep “fresh eyes” on what our shoppers want.

Local

Local products may be found in the store within almost every category. “Local” is most prevalent in the Produce Dept. Once again, Local comprised about 10% of total store purchases and accounted for roughly 9% of total store sales last year. This suggests that Local products sell rapidly, turning over at near the rate of purchase. Purchases of local products increased by more than 10% over the same reporting period last year. Additionally, our program of crop production planning with our local farm vendors maximizes our purchases from farms, keeps a dynamic product mix, and reduces overlap of vendor offerings. This improves our purchasing efficiency. It also, as we have heard from our local vendors, creates value for them in knowing what we wish to purchase from them. See *data packet for On Hand Inventory Summary as of June 30, 2016, see the store shelves, and see the 2016 Ends report for more detail on “Local”.*

Pricing/Value

In the last reporting period we finished development of product promotion offerings. The Co-op Basics Every Day Low Price program provides a value priced organic option in many products. This program is largely identified by the Field Day label- though not exclusively so. We joined the extended Co-op Basics program offered by NCG which adds the labels of producers and manufacturers like Organic Valley, Equal Exchange, Alaffia, and Dr. Bronners to the program. Other pricing/value promotions offered every day in the store include Co-op Values, a perimeter department promotion offering savings for non-members and lower pricing for members, In Store Specials, which are department manager identified savings on specific products, and the bi-weekly Co-op Deals, an NCG negotiated manufacturer rebate program. Additionally, we regularly promote special pricing on relevant product during holidays and seasonal times. Plus Flash sales and pallet sales round out a full slate of in store promotions.

Price comparison shopping trips to competing stores are required of each department. We carry a far wider range of organic, wholesome, local, and fairly traded products than can be found in other area stores. Our comparison shopping has shown us to compare favorably with our competitors. However, there persists much opportunity for us to improve our price image- and there are some areas where we will just not be able to compete. We have come a long way in the last reporting period to correct the perception that we are a high priced store.

Organic

Annually, 100% of produce in the store is certified organic or is grown locally without synthetic inputs as witnessed by the Produce and Outreach depts. Roughly 60% of other products in the store are organic or partially organic.

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 department, by staff throughout each day. It is cleaned by contract professionals six nights per week. Dedicated deeper cleaning is provided 20 hrs. per week by a staff member.

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

The store purchases a Business Pandora music service. This provides both the necessary licensing for playing music publicly as well as pleasant selection of music for shoppers. On Sundays, Acoustic Brunch provides live music between noon and 2pm.

Customer Service- We strive to offer the best customer service in town. 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. Every department utilizes customer service trainings titled The Monthly Focus. Each month a specific aspect or component of customer service is dissected and trained with specific "how-to-do-it" instruction.

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 as needed based on the population of new hires and are 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. It 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. See sample Monthly Focus document

Customer Safety- The store is generally free of safety hazards and there have been no customer accidents in the last year.

The store has a Safety Committee and is comprised of both staff and management. They are led by Kelly Cantway, HR Director. We have a comprehensive Safety Manual that was approved by MIOSHA and has been updated twice this past year. *See MFC Safety Manual.*

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 40 or more suggestions per month, 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 suggestions go to Owner Services person, Bea Steeland who records them and forwards them to the appropriate manager or buyer. All administrative comments are handled by the GM, Operations Manager, Mary Moe, or Outreach Director Sarah Monte. Social media plays a significant role in interfacing with our members and customers. Product highlights and specials are posted to our Facebook page or are Tweeted. 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.*