

**Oneota Community Co-op  
Minutes for Regular Board Meeting  
October 25, 2016 5:30 PM  
Kitchen Classroom, 308 W. Water St.**

**Board Members Present:** Brita Nelson, Maren Beard, Flannery Cerbin-Bohach, Scott Hawthorn, Bryan Stuart, Carl Peterson, Alicia Trout

**Board Members Absent:**

**GM Present:** David Lester

**Co-op Staff :** Nate Furler (Furler will be at meetings for rest of year and will be GM sub during Lester's sabbatical.)

**Member/Owners Present:** Jeanine Scheffert (Bd Admin Asst)

***1. Call to Order***

Nelson called the meeting to order at 5:31 p.m.

***2. Board Learning - Mission and Ends Review***

All co-ops abide by 7 basic cooperative principles. Within the cooperative principles, co-ops can structure themselves in different ways. For the first years, Oneota Co-op had a collective management and board of directors. At times, there were different mission statements, then no mission statement. In 2008, the board wanted to adopt Policy Governance. They needed Ends in order to do so. Ends are organizational statements that you want to meet at the end of each day/week/month/year. In 2008, the board developed eight Ends.

Most Ends we have today were adopted in April 2008. (Each End has date of adoption noted.) The last End adopted was Ends: Global, a global policy the GM reports on, indicating how co-op is doing in each End. This End was adopted in 2009.

The Ends document is a living doc. You can find it in the store, on the website, and in the staff guide. Management hasn't focused on Ends training lately, but will be doing so soon, focusing on why the co-op is here.

2008 is when the board went from collective management to single GM structure. There wasn't reporting on policies and Ends until late 2009. Lester came in 2010 and reporting started happening on regular monthly basis. The first Ends Report was given in March 2011.

In 2013, the board brought Jeff Schott to consult on our Ends. Board felt there were too many Ends and consolidated from eight to six ends, also adding the first mission statement.

Ends aren't set in stone, but they do not change often - they are the heart of an organization.

## Oneota Community Co-op Organizational Ends

Because the Oneota Community Co-op exists as an institution grounded in the cooperative principles, there will be the following:

1. A retail source for food and other products that, to the greatest extent possible, are organic, sustainably produced, locally grown and/or processed, and affordable. A business that encourages the expansion of sustainably grown local food sources.
2. A community that is educated about food and other products that are healthy for people and the environment.
3. A business that promotes the development of cooperation and cooperative enterprise.
4. A business that promotes environmental and financial sustainability.
5. Employment in a workplace that provides the personal satisfaction of collaborative work directed toward common goals and provides extraordinary customer service.
6. A diverse, local community whose fabric is strengthened through caring, and sharing gifts of time, energy and resources.

For the Ends Report each March, GM interprets what each End means and reports on ways Co-op is (or isn't) meeting the End:

1. "*A retail source for food*" - what does that mean?

Local sales would be good way to show that we're a "retail source for food."

"...*organic, sustainably produced, locally grown and/or processed...*" Organic sales have continued to rise.

"...*and affordable...*" Affordability is hard to interpret and hard to show. Typically, affordability has been shown by the number of EBT purchases and discounts since those numbers correlate to more people with a lower income shopping with us.

Board and/or GM does not often materially change Ends or interpretation, but interpretation of "affordable" might change this year - some of our product mixes and deals are different this year than they have before.

Board can weigh in on whether they accept GM's interpretation of ends or not.

It is interpretations, at least in part, that keep the document alive.

2. *“A community that is educated about food and other products that are healthy for people and the environment.”* We can show this by classroom participation and bulk sales. However, bulk sales are down despite the amount of education offered.

3. *“A business that promotes the development of cooperation and cooperative enterprise”* This is about helping strengthen partnership and thriving as a cooperative. Total sales are growing, so we’re doing well. New members and total member equity is also a measure of the cooperative business model.

4. *“A business that promotes environmental and financial sustainability”* We track pounds of glass recycled, gas usage, etc. We track gas usage by cubic hundred feet per customer and electricity by kwh/customer. Both numbers are going down. (Overall usage is going up, but that is because we have more customers coming in the store.)

*“...and financial”* was added to End #4. Net income is a good way to monitor that.

5. *“Employment in a workplace that provides the personal satisfaction of collaborative work directed toward common goals and provides extraordinary customer service.”* Data for this includes employee loss rate and mystery shopper data.

6. *“A diverse, local community whose fabric is strengthened through caring, and sharing gifts of time, energy and resources.”* This can be measured by discounts and donations, a list of events in community. Our total number of members going up.

In the staff guide, it does mention Ends and discusses why/how they are important in what we are doing, even when stocking shelves & ringing up customers. Our biggest challenge is to educate staff about the importance of the Organizational Ends.

Board discussed importance of knowing the organization’s mission statement and ends policy. With the expansion, there will be lots of wall space to add the mission statement in signage throughout the store. The management team now may not be able to recite it, but mostly they embody it.

The mission of the Oneota Community Co-op is to build vibrant communities and ecosystems by providing organic, locally produced and bulk foods, as well as other products and services that are sustainable for those who consume and produce them.

It varies from organization to organization, but when Lester came in as manager, he thought the mission statement should be short and powerful - more of a marketing mission statement. He likes: "Local and organic isn't just a corner of the store, it is a cornerstone of our business."

Board discussed possibility of tracking age group data: who is buying what. This idea is in response to the marketing firm information that millennials purchase towards convenience and are less likely to purchase bulk foods.

Board also suggested the possibility of tracking "active shopping" to see if that number has grown. Our total membership is 45-4600, but active members may not have shopped with us for years. Number of active shoppers, defined as shopping at the co-op 1-2 times per year or more, may only be around 2500. We don't know if that number shows growth or not because we haven't yet tracked that number. It could be tracked by entering members into an Excel sheet and sorting by last sale date.

### ***3. Member Comments - none***

### ***4. Disposition of Member Comments - no member comments***

### ***5. Agenda Review***

**Motion:** Beard moved and Trout seconded to **Approve Agenda.**

**Motion:** Beard moved and Trout seconded to **Table 6.1 Approve Main Minutes from September, 2016.**

Approval of Amended Agenda **passed** by a vote of 7 aye, 0 nay.

### ***6. Approve Minutes - tabled.***

### ***7. Consent Agenda - none***

### ***8. Reports***

#### **8.1 GM Report**

**Financial Snapshot:** Sales have been slow, but October is up almost 3%, so it has been a good month so far. This quarter, we're at +1.8%. We had a budget of +4% for year, so we're at less than half of what we expected, but we're in top 1/3 of Central Corridor – most in Central

Corridor are negative. We haven't had a negative quarter yet. Some are 25% negative, a few have closed or are about to close. It is very difficult if a Whole Foods moves in down the street and a Natural Grocers next door.

It isn't just brick and mortar competitors; Walmart has upped their game in produce, making it look a little more farmer's market like; Decorah is one of the stores where they've tried to up their produce. Kwik star is offering fresh beef and pork. Also, online sales are a big competitor - getting groceries delivered to your doorstep in the form of boxed food is very popular. Some Co-op shoppers would rather have food delivered to their door with recipes.

**Community/Outreach/Other Store Happenings:** Member count is slow. Member share equity is still hovering at 4-4.5% above last year's equity point. Most of that has to do with cashiers getting \$140 investments instead of \$20/year for new members.

We are saving in total labor when comes to benefits, etc., but not enough to offset loss of sales.

Betsy is seeing the produce department do really well with a 15% increase in sales certain weeks. Part of it had to do with local producers getting washed out and we had producers not in flood planes. She's seen negative and flat growth for a while and is starting to see growth again.

Customer transactions continue to be good – we want to make sure number of customers coming in store doesn't come down.

### **Physical Store Update:**

#### **Marketing/Special Projects:**

Weekly sales through end of sept for year – Looking at big picture and keep staff informed.  
~ someone south of NICC said grocery stores in area are quillins walmart and fareway - people wouldn't know coop exists

Lester shopped the coop recently trying to replicate one of these “food in a box” products with same ingredient list. The commercial packaged food came out to be \$10/serving and is laden with plastic packaging. With Co-op ingredients, it came out to about \$6.50 per serving.

We aren't set up to do food boxes, but customers are telling us that they want things to be more convenient. We want to be smarter about it and make it easier for people to take home what they want.

## **8.2 G6: Governance Investment**

**Motion:** Beard moved and Trout seconded to **Approve G6: Governance Investment.** Motion **passed** by a vote of 7 aye, 0 nay.

There were two places of noncompliance in this report:

1. We haven't used our training budget in the last two years and we ought to try to use it. \$250/person doesn't get close to covering traveling to & attending a conference. Perhaps for 2017, instead of board members attending trainings far away, we could have someone come here to help train Board on what to look for and what to monitor during an expansion.

Alternatively, instead of thinking of it as \$250/person/year, we could think of it as \$750/person over a three year term.

2. Member linkage only met once last year and will meet next week. Things are getting done, but we need to be more active. Two issues the member linkage committee will need to work with include the issue of electronic ballots and the issue of expansion. Linkage to members regarding these issues is critical.

Reporting noncompliance is not a bad thing – we have opportunity to say, “Is this the way it should go?”

Because Hawthorn is up for re-election, he moved himself from the nominating committee to the member linkage committee. Cerbin-Bohach moved herself from member linkage to the nominating committee.

### **8.3 L5: Financial Conditions (Quarterly Report - 3rd Quarter)**

**Motion:** Peterson moved and Trout seconded to **Approve L5: Financial Conditions.** Motion **passed** by a vote of 7 aye, 0 nay.

Sales are not as good as we budgeted for. We had a positive last quarter with less than 1% sales growth. YTD, we are at +1.8% growth, which is not to NCG benchmark. These benchmarks were put in place during a time when sales and stores were doing great. NCG may need to lower the benchmark, but for now it is still at +3%.

The department doing the worst at -7% is bulk.

Meat and fish also did not do well, which surprises us – we invested in equipment and expected it to go up. However, we've had some supplier issues that lead to empty freezers. We've been consistently recognized as having a top meat department, so we know it is not a management issue. Now have a bacon cooler, but people stand next to the meat cooler and don't turn around. It is a fairly congested area and there is competition with Fareway. Fareway has more “natural”

chicken and beef. It isn't the same as our local, free range meat, but people don't always know that.

In the first two quarters, we did well with net income, but we knew we needed to hire more people. In Q3, we over-hired; our loss of sales was bigger than expected, we had higher than anticipated maintenance and repairs expenses, and we have Oktoberfest purchases we have not yet recuperated. However, with the new staff training and all of our investments made, we are ready for the holidays and feel good about our investments.

Our ratios overall are pretty decent – especially debt to equity, which is a good one if we go into expansion. Next year, we will have remaining member debt paid off and will be completely done.

The good news in all of this is that the lack of net income is all due to labor, maintenance, and repairs – we didn't lose any net income in margins. We nailed margins again for the 3<sup>rd</sup> quarter in a row, 4<sup>th</sup> quarter is off to a good start, and net income will be good again. We budgeted a \$38,000 net income. Were at \$26,000 and we think we'll come close to making it up by end of year.

#### **8.4 Treasurer's Report**

**Motion:** Trout moved and Hawthorn seconded to **Approve Treasurer's Report**. Motion **passed** by a vote of 7 aye, 0 nay.

Board spent \$1800 less than budgeted – mostly in the board training category.

Board discussed giving an employee gift near Thanksgiving. Peterson will look at budget and cost, Board will vote via email.

#### **9. Action Items - none**

#### **10. New Business**

##### **10.1 Board Nominations Update**

Two candidates are running, one more asked. Nate will have everything ready for application packet tomorrow.

##### **10.2 Electronic Balloting Update**

Nelson, Furler, and Kleve will meet tomorrow morning to discuss implications and timeline of electronic balloting.

**10.3 November and December meeting dates (change or keep?)**

November meeting will be Monday, Nov. 21<sup>st</sup>. Date of December meeting will be chosen in November.

***11. Next Monitoring & Other***

**11.1 [L7: Asset Protection - GM]**

**11.2 [D4: Monitoring GM Performance - Nelson]**

***12. Next meeting: Monday, November 21 5:30 p.m.***

***13. Executive Session***

**Motion:** Cerbin-Bohach moved and Peterson seconded to **Move to Executive Session**. Motion **passed** with a vote of 7 aye, 0 nay.

**13.1 GM Self-Evaluation**

***15. Self-Evaluations - done via internet***

***16. Adjourn***

**Motion:** Peterson moved and Trout seconded to **Adjourn Meeting**. Motion **passed** with a vote of 7 aye, 0 nay.

Meeting adjourned at 7:51 p.m.