

ONEOTA CO-OP BOARD MEETING
Spectrum
December 18, 2007

Present: Georgie, Lyle, Onita, Steve P., Keith, Joan, Toni, Christopher

Board President Georgie K. called meeting to order at 5:05 p.m.

Review agenda – No changes.

Approval of minutes – Georgie noted a correction in the executive session minutes. It was she, not Christopher, who talked to Karl Knudson. Steve P. moved to approve the executive session minutes, with the correction, and the regular session minutes as written. Toni seconded. Approved.

Manager's Report – Sales for November were up 17.96% compared to last year, which increased the year-to-date growth rate to 13.84%. December's bad weather caused slower sales, but they were starting to improve by mid-month. Christopher was optimistic that the co-op could reach the 14% sales growth goal for the year. The high sales for November bought the labor-as-a-percent-of-sales figure down for the month. The year-to-date labor percentage is still running above 29%. The various departments are on target for sales growth to meet projections for the new store. The member discount remains below the mandated range.

Christopher has submitted an application for Oneota Co-op's participation in the Co-op Advantage Program (CAP). Eligibility for the CAP discounts is even more important now that many the co-op suppliers have recently increased prices. The cost increases were not identified as fuel surcharges, but higher fuel costs may have had an impact. The co-op will need to communicate to members and customers that price increases are not because of the move to the new store.

A mostly final version of a policies and procedures manual was distributed to staff and went into effect on December 1. It will undergo a trial period of four months, at which time updates will be incorporated and a final version will be given to each employee. The manual will be updated annually.

Christopher provided sales projections for the first two months in the new store. January is lower, because there is one week in the old store and 4 days of store closure.

The board commended Christopher for getting the reports out in a timely fashion.

Expansion Project Budget and Timeline – Completion of the store renovations remains on track. The internal HVAC work should be complete this week. Roof repair and venting for the HVAC system has started. The roof patches will cost \$2500 more than expected, but other change orders are balancing out as far as overage and underage. The refrigeration equipment is being run to check for problems. Drywalling and plumbing are being finished. Two new checkout counters will be installed in early January, and the cashiers will have a chance to train on the new COPOS system. Inventory deliveries will start January 7 with dry goods. The front entryway doors will not be installed until January 14 to minimize the risk of damage while heavy equipment is being moved. The co-op will be closed from January 11 to 14, reopening at the new location on January 15.

There will be customer service and co-op identity training in the first two weeks of January. This Thursday there will be a “Surviving the Expansion” session with Jan Rasikas, for the management team and some other long-time employees.

Christopher provided an update on the Member Capital Campaign. The amount committed is \$490,712, and the amount received to date is \$474,312. The goal is \$505,000. The co-op is applying for a \$14,000 loan from the Chamber of Commerce. All other institutional loans have been secured.

Marketing and Membership Plans for New Store – The new store logo is virtually complete. Letterhead and non-permanent signage are coming. The in-store signs should be ready for the store opening. There will be a sign on the west side of building with the new logo. They are still considering what to do for signage on the south side of the store. The old store sign might be used on a temporary basis, due to funding concerns. Georgie said Pete Davis had recommended that signs be on all sides of the building. There is no money for an awning right now, so a new sign for the front can be considered later in conjunction with awning installation. The new web site has been launched. In-store sampling is being done twice a week. There will be at least one live broadcast with KDEC in January. Ads will be in area newspapers. Steve P. asked about how Christopher will measure the success of the various marketing efforts, to know what is working. Christopher will talk to Jan at Viroqua about that. Georgie pointed out that the co-op also needs to bring in non-member shoppers. The board would like there to be some method to evaluate marketing efforts, along with the other indicators of good store operations.

Communication with Members – Christopher said Liz had asked if the board wanted to resume the phone calls to new members. The calling had been suspended during the new member drive because the volume of calls would have been too great. The goal is to make new members feel welcome make a personal connection. The board agreed that most households have probably been receiving more calls than they want from presidential candidates and pollsters. The co-op could send new members a welcome card instead, with information about the web site, board member names and board meeting times, for example. Onita will see that board minutes are posted on the store bulletin board. The web site is excellent. Minutes could be posted there, as well. The web site should have an e-mail address to contact the board, which will be one e-mail address through Oneota Co-op. Toni suggested posting job openings on the web site. The board needs to plan a bang-up annual meeting for April. It might be time to do the “What is the Co-op” article in the Scoop in connection with the new store. Board members should expect more communication from shoppers as the co-op expands. E-mail communication with members might be increased. The co-op should provide some written assurance that member e-mail addresses will never be shared or sold.

Cooperative Board Leadership Development Project – Georgie applied for scholarship funds for the project. This year's first workshop is in the Twin Cities on January 26. Georgie is willing to go. Other interested board members should advise Georgie. Registration is due by January 8.

Meeting Times for 2008 – Lyle wondered if the fourth Tuesday is the best time of the month for the board meeting, particularly in terms of Christopher being able to get the appropriate information gathered for reports. The January meeting is currently set for January 22. Christopher suggested leaving the meeting date as is for now. He will have a better idea in a few months. Joan and Toni would both have conflicts on the second Tuesday of the month.

Discussion of Board Policy C Compared to Recommended Policy D – The board continued its review of the new template for policy governance by reviewing the “Board-General Manager Delegation” section at this meeting. Section D was a global statement about the board-management connection, which was accepted. Section D1, on the unity of control, was accepted. The board discussed whether to add a prohibition against members giving direction to the general manager and agreed it would not be appropriate to have such a provision in the board-general manager section of policy. Section D2 was on the accountability of the general manager. Section D2.3 states that the board will view the general manager's performance as identical to the organization's performance. The general manager's evaluation is also addressed through performance monitoring, which is section D4. Lyle wondered if the evaluation process under the new template would allow a general manager who was a “jerk” to appear successful. The board would want broad organizational performance measures to be used, not just raw numbers. Christopher pointed out that organizational performance could be tied to some extent to peer cooperatives or industry standards. Lyle thought that organizational performance was not an absolute. It is always is tied to circumstances.

Georgie wanted to make sure there was a provision that the general manager had to report any violation of policy to the board. This is covered in section L8.2.1. She would also like a provision comparable to the existing C1.1, where the general manager is to provide feedback to the board on the policies. With regard to sections D1 and D4, Georgie asked what would happen if information is requested of the general manager that is not related to monitoring but is needed? In the Limitations section, it states that the general manager shall not fail to tell the board about items that have a significant impact.

Section D3 concerned the delegation of authority from the board to the general manager. The board may seek assistance from consultant Bentley Lein on ends policies.

Section D4 was on monitoring the general manager's performance. The board agreed to the following changes. Section D4.1 will be: “Monitoring *will be done* to determine the degree to which Board policies are being met. Information that *is unrelated to Board policy* is not monitoring information.” Section D4.6 described the calendar period for which the general manager would be evaluated. The board agreed that the period should be from October 1 through September 30. General manager compensation should be determined by the end of November, for budget purposes. The current policy C4 establishes the basis for management compensation. Georgie would like the process to be clear. Joan thought the procedure did not have to be in the policy governance manual. Lyle suggested that the board may need a policy that directs it to establish a procedure to do the annual general manager evaluation. Georgie and Christopher would like to preserve the idea of equity expressed in the current policy C4.

Steve will compile all of the policies, with amendments and notations for further discussion, and send them out to the board for review. The board thanked Steve P. for his hard work on the policy governance review.

Personnel Discussion (Executive Session) – Toni moved to go into Executive Session to discuss personnel issues. Joan seconded. Approved. The board discussed the general manager evaluation and compensation. Toni moved to leave Executive Session. Joan seconded. Approved.

Lyle moved to accept General Manager's compensation for fiscal year 2008 as discussed in executive session under Schedule B. Joan seconded. Approved.

Lyle moved to express the board's thanks to Christopher for his leadership and its thanks to Steve M. and Liz R. for their support in the management transition and the expansion project. Keith seconded. Approved.

Toni moved to adjourn, Keith seconded. Approved. Adjourned at 7:15 p.m.

Next meeting is Tuesday, January 22, 2008, at 5:00 p.m., Spectrum conference room.

Respectfully submitted:

Onita Mohr, secretary
Arllys Adelman, Scribe

Documents Reviewed:

- Agenda
- Regular and Executive Session Minutes, November 27, 2007
- General Manager's Report
- Supplement to General Manager's Report, including Marketing Report
- Sales Recap November 2006 and 2007
- Sales Recap September 1 through November 30, 2006 and 2007
- Sales Recap March 1 through November 30, 2006 and 2007
- Sales Recap 1st week of December 2006 and 2007
- Model policy governance policies