

ONEOTA CO-OP BOARD MEETING  
Oneota Co-op Meeting Room  
September 23, 2008

Board Members present: Steve P., Onita M., Keith L. and Lyle L. Absent: Georgie K. and Joan L. and Toni S.

General Manager present: Christopher DeAngelis.

Guests: Jana Klosterboer, Hannah McCargar, Ruth Hampton.

Board President Steve P. called the meeting to order at 5:05 p.m.

Review Agenda – No changes or additions.

Approval of Minutes of August 26, 2008 meeting – Lyle moved to approve the regular and executive session minutes. Onita seconded. Approved (3 votes aye. Keith abstained, as he was not at the meeting last month).

Ends Discussion – The board agreed to work from the second draft of the Global Ends Statement, dated 8/8/08 (the version with passive-tense verbs). The revisions agreed upon for the second section of the policies were as follows (items in italics were added, and those in brackets may be deleted).

Because the Oneota Community Co-op exists, there will be

1. a retail source of food and other products that are *sustainably produced*, locally grown and/or processed, and affordable. (customer outlet function)
2. a [locally-owned] cooperative business that encourages the expansion of *sustainable* local food sources. (food sourcing function)
3. a business that contributes to *a vibrant local economy*. (local economy function)
4. a community that is [more] knowledgeable about healthy food, sustainable economic practices, and the principles of cooperation. (education function)
5. a [local] business that promotes environmental sustainability. (environmental function)
6. employment with good pay in a work environment that values collaboration and excellence. (employment/business practices function)

There had previously been some discussion about including the term “organic” in the ends policies. The board agreed that the term “sustainably produced” was more appropriate, being both broader and narrower in scope. It allows a wide pool of products while having a better tailored set of standards for production methods. The term “organic” as we now know it is “USDA organic.” When the co-op's mission statement was drafted many years ago, “organic” had broader implications than it does now. Some products that pass USDA organic certification would not necessarily be acceptable to be carried at the coop. Ends Policies are not the same as the Mission Statement. The former is a living document subject to review every year.

Steve P. said he received a member-owner suggestion that there be some inclusion of the notion of a “democratic workplace” in the ends policies. The board thought the idea of a democratic workplace in a member-owned food co-op confused the two models of cooperative ownership: worker-owned and

member-owned. Oneota Co-op is member-owned.

The board wants to be able to hold a general manager accountable for the performance of the co-op. Therefore, within the limitations of policy governance, the general manager should be allowed to make decisions about store operations without having to take a vote of staff members. There is less focus when decision-making is more spread out.

The fact that the board received the suggestion may indicate that there is a perception that some paths of staff communication are not functioning adequately. Jana pointed out that Cooperative Principle #2 talks about one member/one vote. It does not grant employee member/owners more of a vote in store operations than other member/owners.

The board discussed whether Ends Policy #6 (employment/business practices function) should be kept in. Is it adequately covered in Policy #3 (local economy function), or could #3 be altered to include the essence of #6? Ends policies go to the question of why the coop exists, what it wants to do in the world. The executive limitation policies govern the relationships in the store, financial and otherwise. Do employment and business functions have a place in ends policies or are they a matter for executive limitations? The board agreed that since three members were absent, the issue should be resolved at the next meeting. One suggestion is to add something about quality workplace in #3.

Board Homework: Consider how Ends Policies #3 and #6 could be consolidated and whether there should be any changes to the top section of the Ends Policies. The goal will be have a final draft completed in October. The question of how to solicit member input will also need to be addressed.

Strategic Planning and Board Learning: The board needs to create a budget for itself and give it to Christopher to include in the co-op's annual budget. CBLD had a webinar on this topic. Joan, Steve P. and Toni or Georgie will be on an ad hoc committee to draft the budget.

Scribe Position: Board scribe Arllys Adelman is retiring. The board thanked Arllys for her excellent work. Onita sent an advertisement for a new scribe, to be included in the Scoop. It will be a volunteer position for a 4-hour working member credit. Onita mentioned the possibility of having the scribe be a paid position, as suggested in a CDLD webinar, where the scribe took the minutes, worked them up and submitted them to the Secretary. For now the scribe will continue to be a volunteer position, due to budget constraints. Onita will research what the cost would be for a paid position, consulting with Christopher.

Policy Monitoring: G9 – Treasurer's Role, G10 – Secretary's Role – The monitoring reports from Joan and Onita were distributed ahead of time. Board members had reviewed the reports and were ready to proceed. With regard to G9, the board agreed the policy interpretations were reasonable, with adequate data to determine compliance, and the data demonstrated compliance. The Treasurer's report indicated no noncompliance issues. Lyle moved to accept the G9 monitoring report. Keith seconded. Approved unanimously. The Secretary's report indicated that G10.1.1 and G10.3 were not fully compliant regarding archiving of records. There is a plan for achieving compliance. With regard to G10, the board agreed the policy interpretations were reasonable, with adequate data to determine compliance, and the data demonstrated compliance or a plan for achieving compliance. Keith moved to accept the report as written. Approved unanimously. The board agreed that policy monitoring reports should

indicate compliance or noncompliance. If the latter, there should be a plan for achieving compliance. The board agreed there was no need to review the policies for changes at this time.

Policy Monitoring: L1 – Customer Treatment, L2 – Staff Treatment, and follow-up L5 – Financial Condition – Christopher provided the monitoring report on Policy L1, Customer Treatment. Board members had received it, with adequate time to review. The customer treatment section was in three parts, concerning the coop providing: 1) a range of products and services, 2) a safe and pleasant shopping environment, and 3) a method for soliciting customer opinions and suggestions. Christopher reported compliance on L1.1 and L1.3 but not L1.2. The noncompliance on L1.2 involved children in grocery carts. There have been some accidents due to the carts' high center of gravity. Some carts do not have safety belts. There have been no injuries so far, but the children were upset, and parents and staff were stressed. Christopher rated the severity of the noncompliance as small. The board agreed. For a remediation plan, Christopher will price replacement carts. Lyle moved acceptance of the L1 policy report. Keith seconded. Approved unanimously. The board agreed the policy does not need to be reviewed for changes. Christopher will report in October the cost of replacing carts or adding belts.

Christopher provided the report on Policy L2, Staff Treatment. Board members had received it, with adequate time to review. Christopher had outside consultants, Mary Courteau and Carolee Coulter, do a staff survey. The consultants' report was provided with the monitoring report, and Christopher indicated where he disagreed with the report regarding compliance. The board thought the report's policy interpretations were reasonable. Christopher reported some noncompliance with the global policy statement, about not allowing working conditions that were unfair, unsafe, or unclear. The remediation for noncompliance on the “unfair” working conditions will be addressed in the 4-point report on Board Expectations. Christopher acknowledged that there were problems with his working relationship with the management team. His report did not note the severity on the “fairness” issue, but he thought it was severe. Christopher thought that implementing performance goals would help remediate the fairness issue. The “unsafe” working conditions were in regard to the lack of a catastrophic procedures manual. Christopher reported the severity on the safety issue to be moderate. The board agreed. A draft manual is being circulated for accident, store security and safety procedures. Christopher reported compliance on the clarity aspect of the global policy statement.

Christopher reported compliance on Staff Treatment policy L2.1 (not allowing harassment or discrimination), noncompliance on L2.2 (personnel policies), compliance on L2.3 (retention of personnel records) and compliance on L2.4 (workplace laws). The board found the interpretations to be reasonable and the data sufficient to determine compliance and supported the reports of compliance or noncompliance.

The noncompliance in L2.2 was in regard to the grievance procedures having no provision for the recommendations of the grievance committee being heard by anyone other than the general manager. If the grievance complaint involves the GM, there should be an outside arbiter. Steve sees this as a possible intersection of personnel policy and board policy, if Christopher wants the board to become involved as a possible adjudicative body for grievances. The board ordinarily has no input on store personnel policies other than to review them for compliance with applicable law. Steve will research this from the Board's perspective. Christopher thought the L2.2 issue was severe. However, he was not sure he would have a remediation plan in time for the next board meeting. He will look for a best

practice recommendations from other coop general managers at the Seattle meeting he will be attending. Lyle moved acceptance of the L2 policy report, with noncompliance reported in the global policy statement and in L2.2. Keith seconded. Approved unanimously. The board agreed the policy does not need to be reviewed for changes.

Christopher provided an update on Policy L5, Financial Condition. Board members had received it, with adequate time to review. The board found the interpretations to be reasonable. The data was sufficient and supported the findings of compliance or noncompliance. Christopher reported one change in data. The two unpaid bills that were reported have been taken care of. Christopher reported compliance on policies L5.3.1 (settling financial obligations in a timely manner), L5.6 (real estate) and L5.7 (financial record keeping). He reported noncompliance on L5.3 (liquidity) and L5.4 (generating net income). The remediation efforts have not yet improved liquidity or net income. The severity of the noncompliance on L5.3 and L5.4 is high.

The board discussed what it wanted from the GM for remediation updates. The board's monitoring focuses on the movement toward compliance, so Christopher's report should provide benchmarks and progress updates in a way that the board can adequately assess the movement toward the goals. Some financial measurements can only be done quarterly because of inventory. However, the board would like some data points for the months between quarterly reports. Labor costs as percent of sales is a concern of the board, along with sales figures and margins (not available monthly in a dependable way, but estimates would be possible). Margin dollars need to exceed labor dollars. The board asked Christopher to consult with the NCGA to see what they think are reasonable data for him to report to the board given the concerns it has. The board wants more than quarterly updates on some measures so it can monitor more closely between quarters. Steve asked that by next month Christopher come up with a reasonable way to report store performance to the board (and how to measure it).

Onita moved acceptance of the report with remediation as set out in the 4-point plan (below). Keith seconded. Approved unanimously.

GM Response to Board's Requests of August 26 – Keith did not get the updated version so he had not had a chance to read it. At the August 26 meeting, the board set out four expectations for the GM, including developing a chain of authority, reversing areas of poor store performance, developing a business plan for 2009 and providing regular updates to the board.

*Develop chain of authority.* The board felt Christopher's plan points were acceptable. The routine would be to have expectations, assign authority, check. The board suggested Christopher use a checklist, measuring ongoing and longterm progress.

*Reverse areas of poor store financial performance.* Areas that need attention are labor expense, sales growth and cash flow, and Christopher has outlined ways to remedy those concerns. Christopher had a chart of various food coops during and following expansion that showed that in the first or second quarter there's generally a huge drop. It takes a few quarters to climb out of it. Steve wants EDITDA(P) data, debt to equity, current ratio, labor as percent of sales, and sales. Christopher could also do a quick ratio (a current ratio done on only liquid assets, so it does not need inventory). Monthly reports will help a lot, then the quarterly reports can be analyzed for compliance. Christopher reported that the NCGA audit will look at financial reports as well as other data. Christopher will do a revised

2008 budget to demonstrate adequacy for benchmarks.

*Develop a business plan for 2009.* Christopher will present a business plan by the December meeting. The board's role will be to determine if it is sufficient or insufficient, without analyzing individual items.

*Report updates regularly.* Quarterly financial reports, between quarter financial information, and remediation reports.

Nominations Committee Update – Toni was absent so no report.

Lyle moved adjournment. Keith seconded. Approved unanimously. Adjourned at 7:50.

Respectfully submitted:

Onita Mohr, secretary

Arlllys Adelman, Scribe

Documents Reviewed:

Agenda

Minutes, August 26, 2008, regular and executive session

Policy G9 Monitoring Report, Role of the Board President

Policy G10, Monitoring Report, Role of the Vice President

Policy L5, Financial Performance (update)

Policy L1, Customer Treatment

Policy L2, Staff Treatment

Plan for Addressing Board Expectations

Ends Policies draft documents