

1 Oneota Community Coop
2 Minutes for Regular Monthly Board Meeting
3 Tuesday, October 26, 2010
4 Luther College Campus, Valders Hall, Room 367

5 Board Members Present: Robert Fitton, Jon Jensen, Joan Leuenberger, Lyle Luzum, Steve McCargar,
6 Bill Pardee, and Steve Peterson
7 GM Present: David Lester
8 Coop member/owners present: 6

9 **1. Call to Order**

10 President Steve Peterson called the meeting to order at 5:05.

11 **2. Board Learning: How do we evaluate the GM?**

12 A flow chart outlining the process of GM evaluation was studied. Oneota already followed this approach
13 in many ways. We already have written expectations for the GM (policies), monitoring reports on those
14 policies, and a summary of the monitoring reports to use in the evaluation. How to make comments on
15 aspects of GM performance other than policy compliance was discussed and a decision was made to add a
16 comments column to the summary table. David Lester was asked to complete the self evaluation form
17 used by the staff in their performance evaluations to aid in the discussion of his performance. It seemed
18 that policy compliance is a baseline of performance and what Oneota's board really wants is excellent
19 performance. One way focus more on defining and achieving excellence is to spend less time and energy
20 monitoring policies and more time on strategic leadership, one of the points of our last board retreat. The
21 contract negotiation process and timeline were decided upon.

22 **3. Member Comments**

23 Birgitta Meade had three questions for the board. 1. If the member survey is a tool for the GM, how are
24 problems communicated to the board? 2. How can board members choose not to participate in something
25 voted upon by the board? 3. Isn't it troubling that one board member can tell another that he doesn't trust
26 him?

27 **4. Disposition of Member Comments**

28 Birgitta was thanked for her input.

29 **5. Agenda Review**

30 **Motion:** Steve McCargar moved and Jon Jensen seconded to add discussion of monitoring of treatment of
31 staff during the period October 2009 to March 2010. Motion **failed** by a vote of 2 ayes (Steve McCargar,
32 Jon Jensen, 5 nays.

33 Pro: There was a belief that there was a significant difference between that time and now.

34 Monitoring covers the full 12 month period. Could be added to the agenda with a time limit for
35 discussion.

36 Con: Don't have time for that review. Monitoring of a former GM in abstentia seemed unfair. There
37 was no data to prove monitoring assertions during that time, so only stories would be shared.

38 Because it would be under a different GM, it would not help in the evaluation of either the current
39 GM or policy.

40 **Motion:** Steve McCargar moved and Jon Jensen seconded to add discussion on board member access to
41 the recent member survey. Motion **passed** by a vote of 4 ayes, 2 nays (Lyle Luzum, Joan Leuenberger)
42 and 1 abstention (Steve Peterson).

43 Pro: It wouldn't be hard to get a hard copy of the survey.

44 Con: There are environmental concerns of printing 7 copies of a 40 page report. The members
45 expected confidentiality when completing the survey.

46 **Motion:** Steve McCargar moved and Jon Jensen seconded to add discussion on board member access to
47 the full quarterly financial report. Motion **failed** by a vote of 2 ayes (Steve McCargar, Jon Jensen) and 5
48 nays.

49 **Motion:** Steve Peterson moved and Joan Leuenberger seconded to move the executive session for GM
50 evaluation to November and the executive session on Employment Agreement now scheduled in
51 November to December. Motion **passed** by a 7-0 vote.

52 Pro: Allows David Lester the opportunity to complete a self-evaluation to be used during the
53 evaluation and allows a decision on compensation and other employment terms to be based upon the
54 evaluation. Moving both sessions back prevents the Nov. meeting from being too long with two
55 topics in executive session. This timetable doesn't prevent the GM from completing the store budget
56 for next calendar year if compensation is estimated.

57 **Motion:** Robert Fitton moved and Bill Pardee seconded to approve the agenda as amended. Motion
58 **passed** by a 7-0 vote.

59 **6. Approval of Minutes**

60 **Motion:** Joan Leuenberger moved and Bill Pardee seconded to approve the minutes of the September
61 meeting. Motion **passed** by a 7-0 vote.

62

63 **7. Consent Agenda**

64 There were no items on the consent agenda.

65 **8. Reports**

66 **8.1 GM Report**

67 Financial: October sales were up \$32,000 over last Oct. and 2010 sales are 9.8% above last year. Average
68 labor for the last 4 weeks is 17.99% of sales, slightly above budgeted, but still lower than last year. Quick
69 ratio is .75% and Savings #3 has increased to \$106,000. The gross margin is 39.43% of sales, slightly
70 more than budgeted. David gave some possible reasons for our good revenue growth including having
71 more members, better outdoor signage and more marketing, change in focus from gourmet to less
72 expensive grocery/bulk, and happy staff creating a positive environment.

73 Physical Store Update: The electric bill dropped \$2,000 as we moved from summer to fall. Reliable
74 internet access continues to be a problem for credit card transactions and research continues into
75 switching providers.

76 Staff Update: Miranda Quandal will be lead cook in the Water Street Café and Elizabeth Finanger will be
77 barista. October 24 will be the last all staff meeting to cover strategic planning, survey results, and
78 discussion on what motivates staff.

79 Marketing/Special Projects: Articles on the store survey results and financial update will be published in
80 the *Commpost*. Adding local sales at the deli increases our percent storewide to 30% of everything sold.
81 David Lester graduated from the CCMI program. The classes covered big areas of the GM job including
82 marketing and working with a board which has already benefited him in his new position. The Bulk
83 Pantry Project will be an article in the *Scoop* which demonstrates the economy of shopping in bulk versus
84 pre-packaged. Member Appreciation Days are scheduled for 10/26 and 11/30 and will offer discounts on
85 a wider range of products than usual. By 6:00 during the meeting sales were already \$24,000, breaking
86 the previous single day sales record of \$18,000. The second annual Taste of the Holidays event will be
87 11/4 to benefit the area food pantries. Beaujolais Nouveau will be uncorked 11/18.

88 **8.2 Board Treasurer's Report (3rd Quarter)**

89 Board expenses remain nicely under the ½% target set in policy even considering the 8% discount. The
90 board should be able to afford to send members to CMA and/or pay for some clerical support soon.

91 **8.3 Board Development-Candidate Recruiting**

92 **Motion:** The Board Development committee moved for the board to grant the authority to name a
93 nomination committee (Bill, Jon, and Robert) to:

- 94 • Review the election processes specified in the procedure manual and propose changes and
95 updates that the committee sees necessary.
- 96 • Recruit member-owners to assist the committee in the recruitment of candidates and the election
97 process.
- 98 • Fulfill various other duties, specifically develop a board recruitment packet, begin advertising for
99 two positions, market those positions, and recruit two member owners to serve on the nomination
100 committee.

101 The motion **passed** by a 7-0 vote.

102 Pro: This is what the board development committee is charged to do. The things they want to do are
103 merely a refinement of prior processes.

104 **9. Action Items**

105 **9.1 L5 Financial Conditions (3rd Quarter)**

106 **Motion:** Joan Leuenberger moved and Steve McCargar seconded to approve monitoring report L5
107 Financial Conditions. Motion **passed** by a 7-0 vote.

108 Summary: Sales growth of 9.8% is above the NCGA benchmark and the OCC budget. Net income is
109 \$68,276 for the year. The current, quick, and debt-to-equity ratios are all better than the NCGA
110 benchmarks. There have been no unauthorized debt or real estate transactions. Taxes, bills, and
111 payroll have been paid on time. Compliance is reported.

112 **Motion:** Steve McCargar moved and Jon Jensen seconded to allow any board member to receive the
113 Quick Books complete quarterly financial statements. Motion **failed** by a vote of 1 aye (Steve McCargar)
114 to 6 nays.

115 Pro: The bank and auditors get access to this information so the board members should be able to as
116 well. It is a matter of transparency to get this information. The members wouldn't be happy if they
117 knew the board was getting less financial information than it did previously.

118 Con: The board gets all the relevant information it needs to do its job. No one thought we didn't
119 have enough data to determine whether policies were met, or that David Lester's interpretation of
120 our policies was inadequate. We already get less information since weekly reporting ended when we
121 got in compliance with policy L5 and that hasn't made us any less effective or unknowing about our
122 financial condition, nor have there been negative member comments. The board would have to
123 change a specific policy if this were approved to require the GM to give specific information. If you
124 don't have a specific purpose for using additional data, it doesn't make sense to require that
125 additional data. Board members can't focus on every detail; that's part of operations that has been
126 delegated to the GM. The only reason financial statements are printed at the level of detail
127 previously given to the board is for reporting to the NCGA due to our poor financial performance,
128 and that should end in January given our improved performance. The board could access more
129 financial details at any time if it decided to directly inspect the financial records so what we are
130 deciding upon is only what is routinely provided, not board access. Studies found that focusing on at

131 most 5-6 things which drive an organization forward is what makes them most successful. Oneota
132 has proven that by focusing on revenue, labor, inventory, and members in the past two years.
133 Questioning depreciation and income taxes, things we can't control, is not the best use of board time.

134 **9.2 D4 Monitoring GM Performance**

135 **Motion:** Steve McCargar moved and Lyle Luzum seconded to accept monitoring report D4 Monitoring
136 GM performance. Motion **passed** by a 7-0 vote.

137 Summary: Compliance is reported because the board has been using a monitoring calendar to
138 monitor GM performance on policies; monitoring results will be used as the basis for reviewing the
139 GM in October; the board discussed which types of reviews will be conducted during the upcoming
140 year when it set the 2010 board budget; and part of the board training in May was on the use of the
141 reasonable person test for policy interpretation.

142 **9.3 Consider RFP Recommendations for GM compensation**

143 **Motion:** Lyle Luzum moved and Steve McCargar seconded to approve the request for proposal to be used
144 by David Lester in proposing his compensation and employee agreement. Motion **passed** by a 7-0 vote.

145 Summary: Compensation must be affordable, should consider the whole package, and should be
146 similar to that at coops of comparable size and stage of development. The plan needs to be easily
147 and objectively measurable.

148 Pro: Having the plan run for two years doesn't change the at-will nature of the GM's employment
149 and evaluation will happen each year.

150 **9.4 Meeting time/place**

151 The pros and cons of meeting at Luther's Valdres Hall were discussed but no motion for changing either
152 was made due to lack of an even better option.

153 **9.5 L2 Nepotism sub-policy (1st reading)**

154 **Motion:** Steve McCargar moved and Bill Pardee seconded to accept the first reading of the proposed
155 change to policy L2. Motion **passed** by a 7-0 vote.

156 Summary: The proposed change would replace the stricken text with the italicized text below:
157 L2.2 The GM will not Operate without written personnel policies that:

158 ~~(e) Protect against wrongful conditions, such as nepotism and grossly preferential treatment for personal~~
159 ~~reasons;~~

160 *(c) Prohibit staff and the GM from supervising or managing the work of any person who is a spouse,*
161 *partner, immediate family member or person with whom a romantic or close familial relationship exists.*

162 **9.6 Member survey distribution**

163 **Motion:** Steve McCargar moved and Bill Pardee seconded to allow board members to receive upon
164 request a hard copy of the member survey results.

165 Pro: The board is charged with reflecting member values. The survey contained valuable input.
166 Having to sit at the Coop to read the report is a barrier to access. This isn't asking for electronic
167 copy which could easily get away from us and expose competitive information.

168 **Amendment:** Steve Peterson moved and Bill Pardee seconded to require that the survey results
169 be considered confidential to the board. Amendment **passed** by a 7-0 vote.

170 Pro: Survey takers were candid because they expected that their remarks were confidential.
171 Betraying that could result in fewer people responding to future surveys.

172 Motion as amended **passed** by a 7-0 vote.

173 **10. Consideration of Items Pulled from Consent Agenda**

174 No items were pulled from the consent agenda.

175 **11. Next Monitoring**

176 • L7 Asset Protection

177 •G3 Agenda Planning (Steve Peterson)

178 **12. Next Meeting--**Tuesday, November 23, Room 367 Valders Hall, Luther College Campus

179 **13. Executive Session**

180 There was no executive session.

181 **14. Adjourn**

182 **Motion:** Steve Peterson moved and Robert Fitton seconded to adjourn. Motion **passed** by a 7-0 vote.

183 Meeting adjourned at 8:07.

184 Respectfully submitted,

185 Joan Leuenberger, board secretary

186 Documents reviewed:

187 *Setting a Process of General Manager Compensation* by Mark Goehring and Carolee Colter

188 Agenda

189 Minutes, September 26 regular monthly meeting

190 GM Report

191 3rd Quarter Board Budget Report

192 Motion from the Board Development Committee

193 Policy L5 Financial Conditions GM Monitoring Report

194 Policy D4 Monitoring GM Performance Board Monitoring Report

195 Request for a Proposal to Modify the GM Employment Agreement--October 2010

196 Policy L2 Nepotism Proposed Policy Change