

## Weaver Street Market Board of Directors

# Minutes of December 2008 board meeting

Held at the Corner Building, Carrboro 6:15 p.m. Wednesday December 17, 2008

Directors present: Jacob Myers (chair), James Morgan (secretary), Lori Washington (treasurer), Ruffin Slater (general manager), Linda Stier, Robert Short, David Rizzo.

Others attending: Andy Sachs (facilitator), Kate DeMayo (notes), David Bright (director-elect), Lynn Harmon, Dan Duffy, Billy Madden, Jason Baker, Ginger Gidry, Mickey Jo Sorrell (visiting owners)

## 1. Preliminaries

### a. Open session for owner input

Lynn commented that we lack transparency: it was hard to know what was going on with board and management of WSM. Billy asked why the senior discount age threshold was set so low (50). Should be reserved for those on fixed incomes who really needed it. Ginger spoke to the issue of diminishing volunteer opportunities, identifying five areas of value: investment, outreach, affordability, staff support and the personal touch. The GM responded briefly on this issue, acknowledging the values but citing growing legal constraints on such programs from the IRS and other sources which had resulted in costly prosecutions for some coops.

### b. Agenda

The updated agenda circulated by the chair was accepted.

### c. Minutes

Minutes of the November meeting were approved with one typographical error noted.

## 2. General Manager Items

### Update on Financial Condition

The GM gave an oral presentation with slides indicating graphically the recent deterioration in our financial condition resulting from the perfect storm of recent expansion, new competition and the nationwide recession. Like many businesses we were experiencing a severe overall drop in sales growth which was most keenly felt at the Carrboro store which had suffered badly especially in wine sales since the opening of Trader Joe's a year ago. On the positive side he was able to report that the two new business units in Hillsborough were performing ahead of projections and were expected to become profitable earlier than anticipated.

He indicated that management responses to the situation had been focussed first of all on improving efficiency and reducing shrink with every effort being made to engage staff in this process. By careful staffing management, reductions in labor costs had been achieved without layoffs or wage cuts, and previously planned wage increases were still being honored. Operating ratios (income\$ per employee hour) at all units had been impacted by the expansion process but now were nearly back to previous high levels thanks to a huge

effort by employees. There was very little opportunity in our competitive marketplace for modifying prices to improve profitability so the main target moving forward was to pull up sales with a multi-pronged initiative which is being planned for January. This will include engaging the ownership in the endeavor and playing to our strengths like the local foods initiatives to swiftly improve the Market's trading position. The new Food House with its cutting edge facilities for processing and storage of local food places us in an excellent position in this developing market.

### **3. Policy Review and Development**

#### **Interpretation of Policy 4-3: Board Members Code of Conduct**

This item had been brought forward from previous meetings and was presented by the Chair with a revised interpretation derived from previous comments. Directors felt there was still some vagueness in the reference to prevailing standards of business ethics, perhaps unavoidable. The interpretation was accepted after two minor edits were made.

The Board also noted a misnumbering had crept into the policy document itself and agreed to correct the enumeration of the final clause from 6. to 4.

### **5. Board Development**

#### **a. Set up Board Evaluation**

The Chair asked all directors to complete and return the self-evaluation form to Kate by Dec 31st for compilation for the retreat. The retreat would be held at the Food House from 10 a.m until 6 p.m. on January 7th. Mark Goehring would be present.

#### **b. Set up meeting dates for 2009**

Directors agreed to continue meeting on the 3rd Wednesday of each month.

### **6. Closings**

#### **a. Review Tasks & Decisions**

The Board reviewed and confirmed its tasks & decisions

#### **b. Inputs into owner newsletter & other owner linkage**

Owner communications from the Board on our financial condition would be coordinated with management.

#### **c. Special requests for staff support**

The GM would collaborate with the Board Secretary on owner communications.

#### **d. Meeting evaluation**

Directors were pleased to get rid of an old bin item (interpretation of 4-3) and thanked the GM for a clear and informative presentation.

**d. Owner input part II**

Mickey Jo who had arrived after the early owner input session was unhappy with the lack of a prompt response to her earlier email and asked what process was in place to deal with owner comments like hers. She also queried the absence of the debt review proposal from the agenda. The chair replied that the former was his responsibility and his error and the latter was a time consideration. Mickey Jo also queried the lack of a process for floor motions at the annual meeting. The secretary referred to by-law provisions which restrict general decisions by ownership vote to the election and removal of directors, rendering floor motions procedurally moot. Billy Madden asked what had happened to the worst-case scenario request from the last meeting. The GM replied that though his presentation tonight had not been worst-case he had focussed its projections on the pessimistic side.

**e. Adjourn**

The meeting was adjourned and the Board went into Executive Session.