

Weaver Street Market Board of Directors Retreat

Hillsborough, NC

January 7, 2009 9 a.m. to 4 p.m.

The Weaver Street Market Board of Directors gathered for its annual retreat in January at the new Weaver Street Market administrative offices at the Food House in Hillsborough. Directors present: Jacob Myers, James Morgan, Ruffin Slater, Lori Washington, David Rizzo, David Bright, Linda Stier, Robert Short (outgoing board member). Also present were facilitator Andy Sachs, executive assistant Kate DeMayo and guests, C.E. Pugh and Mark Goehring.

Business meeting

The Board conducted a short business meeting at the opening of the retreat. It accepted the minutes from the December meeting, confirmed its agenda for the retreat and confirmed the decision made by teleconference on December 23 2008 to approve an interim consent agenda item from the General Manager regarding debt restructure.

The Board also considered the motion from the floor at the 2008 Annual Meeting requesting an owner committee to review the Cooperative's long-term debt position. After discussion the board decided that existing oversight procedures for the coop's finances through its own regular review of executive monitoring reports and by its outside auditor were sufficient and decided not to allocate resources to an additional owner committee at this time.

The board concluded its business meeting by confirming its officers for the 2009 calendar year as David Rizzo, Chair; James Morgan, Secretary; Lori Washington, Treasurer, and confirmed its regular meeting date to continue as the third Wednesday of the month.

Retreat

National Cooperative Grocers Association Development Corporation

C.E. Pugh was present at the retreat to introduce the board to the NCGADC. Part of the conditions of the loan that Weaver Street received from the NCGADC includes technical assistance to the co-op which will be provided by C.E. He will be here to advise and assist the co-op management and will act as a facilitator to employ expertise from around the country to help make Weaver Street more efficient and competitive going forward.

2008 Board Evaluation/Year in Review

Prior to the retreat each of the board members completed a short survey that looked at how the board performed during the 2008 calendar year. The results of this survey

indicated that the board felt that as a whole it had not performed as well as it had wished in 2008. While some aspects of its work such as executive monitoring recorded high grades the Board had begun to raise its own bar in the areas of owner linkage and board process development and had not yet reached a satisfactory level in these areas. The board identified the need to upgrade its performance to match WSM's current scale of operations which has much enlarged over the last few years. This year's overhaul of the board elections procedure had gone well and a similarly thorough review of other board procedures would seem timely. With regard to the board elections, while the process itself had much improved owner participation was still very low. Our owners often show passionate engagement with issues affecting WSM: our linkage programs need to find a way to productively tap into that passion.

Cooperative Board Leadership Development program: Mark Goehring

Mark Goehring has been hired as a consultant to the board through the CBLD program. As a consultant he will be providing ongoing support to the board in order to help the board perform in the most effective manner. 64 Coop Boards around the country used the CBLD program in 2008 and more are planning to participate in 2009. The two main questions that Mark brings to his work with the board are: how does the board add value and how do we create and sustain a cooperative development culture?

Our Ends require Weaver Street Market to serve our community of owners and potential owners. Mark suggested the board think about the Coop's owners and potential owners in a variety of ways: as members who are just shoppers, as non-member consumers, as members who are engaged on a social level, as member-owners, and as members who are active participants. It was important not to see this spectrum of participation as a hierarchy in which one level of participation was seen as more valuable than another. The board is always required to consider what will benefit the Cooperative as a whole and not just the very active members.

Another potential trap is seeing membership as a static community. While the coop essentially is performing the same functions as when it started twenty years ago, albeit on a larger scale, the needs of its members are constantly affected by what's going on in the larger world. The membership pool is also growing in size and diversity as the expanding coop connects with a wider demographic. The board has to honor its relationship with the whole of this dynamic community, not just with those few who attend meetings. Linkage strategies need to be able to connect with the whole of our ownership community. They should be designed to demonstrate the tangible benefits of membership and should be imbued with a detailed sense of transparency. Owners need to be able to see what work the board is doing on their behalf and that this work adds value to the cooperative, and the board needs to ensure that the results of its work are clearly and accurately embodied in institutional memory.

The board needs to be thinking, researching, reasoning and remembering. How do we make thinking an active process? Mark asked the directors to take a moment to each frame an example of a compelling question, one that can drive the board's work and

simultaneously engage the ownership in order to steer the co-op towards the future. Engaging with this challenge the board settled on “What should we eat?” with its implicit corollary “What should we sell?” as the most compelling and fundamental questions we could currently address, going to the root of our Coop’s Ends concerning environmental, personal and economic well-being. The board agreed to take Michael Pollan’s recent book In Defense of Food as an initial study text prior to opening an ongoing discussion of these questions with the membership.

Ownership accountability and meeting process

Following the initial discussion with Mark, the board discussed interaction with owners at open board meetings. The purpose of having members attend the board meetings is to enhance transparency and accountability: its challenge is to balance listening to member concerns with maintaining the discipline that allows the board to do its work. Mark shared examples of how other boards around the country set up owner input and feedback and how they structure owner input to their meetings. He encouraged the board to take a strong leadership position to maintain a clear and effective meeting process in which no essential board work is neglected. He reminded the board that it needs to actively research and discover what are the fundamental concerns of the ownership as a whole and not assume that these are adequately represented by the most visible member inputs. He also suggested that owners be encouraged to put their comments in writing to the board ahead of the meeting so that the board might be enabled to give a fuller and more considered response. Owners frame input according to what they perceive their access points are: it’s the board’s job to ensure that linkage is not restricted or undermined by limited terms of reference.

Rules Regarding Executive Session

The board had a discussion regarding the clause in its policy 4-11 about when and why the board can go into executive session. The current language limits executive session to a few specific conditions and the Board had recently encountered instances where issues not covered by these conditions needed for good reason to be discussed privately. Typically these issues involved sensitive information which if published could be misused in order to generate adverse publicity or would put the Coop at a disadvantage with our competitors. The board agreed to amend the policy to bring it more in line with the broader language of our original bylaws while retaining the list of reasons already included. The Secretary would bring a draft of the revision to its next scheduled meeting.

Distribution of Board Reports to Owners

Owners have requested to be on the distribution list for executive monitoring reports and other board documents. The board has no existing policy on this question which appears to have arisen for the first time only recently. These documents are required by the board for the purpose of doing its job and should not be needlessly exposed to practices that might compromise that purpose. As they frequently contain information that could be useful to our business competitors the quandary arises that an open circulation policy might result in reports being directed to executive session more often than is otherwise necessary with the unintended consequence of board process becoming less transparent to

owners rather than more so. Mark confirmed that general circulation of board documents was not the general standard of practice among organizations such as cooperatives which operate as commercial enterprises. Our situation is not comparable to entities such as town and city boards which mostly operate outside of a market/risk environment and where different principles apply. The board aligned to establish policy restricting circulation of board documents to directors. The secretary would prepare draft policy language for consideration at the February meeting.

Review of By-law Relating to Consumer Owner Return

The board discussed their concern that this particular provision in the by-laws (Art. III Section 8 final para.) is operating as a limiting provision inconsistent with current executive limitations policy 2-11. The board could see no purpose for the clause nor any apparent justification for its continued presence in the by-laws but asked the GM to consult with our auditor Bruce Mayer on any legal implications prior to the February meeting when we would consider its deletion.

Executive Assistant to the Board

In order to accomplish its goal of improving its own performance without excessive increases in the workload of board officers and directors the board discussed expanding the role of the executive assistant. The board and GM will need to make a decision whether the executive assistant role should remain a contract position within the board budget or transition to a staff position directly assigned to board support.