

Meeting Minutes for Weaver Street Market's Board of Directors

September 2013 Meeting

Monthly Board Meeting, Panzanella meeting room, Carrboro, NC on September 11, 2013, 6:15 pm to 9:30 pm

Directors present: Ruffin Slater (general manager), Curt Brinkmeyer (chair), David Bright (secretary), Lisa Best (treasurer), Michael Marotta, Jon McDonald, and Linda Stier.

Others attending: Andy Sachs (facilitator), Brenda Camp (owner service coordinator), Amy Lorang (chair, elections committee), Teressa Jimenez (consumer owner, board candidate), and Hank Becker (consumer owner).

1. Preliminaries

Owner Input: Hank Becker, an owner for 6 years, acknowledged that he greatly valued the sense of community that WSM exhibits, and that he enjoyed both the market and the community yard out front. He encouraged WSM to follow the example of the farmers at the farmers' market and implement what he called "honest pricing"—pricing products at an even dollar value. He suggested that pricing products for \$3.99 was a bit deceptive. The General Manager asked if his point was "honest pricing" or the 9s. He questioned whether not having 9s was just one way to make "honest pricing" happen.

Agenda: The agenda was approved.

Minutes: Minutes from the July meeting were approved.

New Owners: There were no exceptions to the owner lists for June and July 2013: 232 new consumer owner shares, 13 new worker owner shares, and 60 refunded consumer owner shares.

Decision: The Board approved the July minutes.

Decision: The Board made no exceptions to new consumer and worker owners.

2. Annual Meeting Debrief

The Board discussed the Annual Meeting, which was held on Monday, September 9, 2013, at the Carrboro Century Center. Meeting highlights included:

- More than 200 attended.
- 25 employees staffed the event.
- 42 books sold at the meeting.

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- Many compliments were expressed about the anniversary beer and the new food dishes created especially for the annual meeting.

The Directors discussed what worked, takeaways, impressions, and follow ups:

- **Curt Brinkmeyer** described it as an “awesome annual meeting with lots of good talks and good ideas. He noted that education is a huge piece in furthering the co-op goals, from topics such as “why compostable versus recycling” to “why the Board makes the choices it does.” He observed that individuals are more accepting when they understand the “why.” He also observed that WSM in aligned with what guest speaker Gar Alperovitz advocated in changing the local food system.
- **Linda Stier** observed that there was something very powerful to be in the milieu of the other things going on, the things happening that Gar talks about in his book and in his presentation. She particularly liked the energy of community engagement during the presentation; that is, the engagement that occurred when owners asked questions and Gar responded. She also observed that the Board has discussed why people get engaged with the community and that Gar’s presentation and the ensuing discussion showed that there’s an underlying sense of wanting to innovate and do something within a system where we feel we cannot do something. She posed the question, “Is this a venue for us to make the connection with owners who are not connecting in the usual way?”
- **Dave Bright** observed that there’s a great balance in something that makes you think differently about the future with what’s been done already. He noted that it’s powerful to see that balance and to think about how you can build upon that it. He pointed out that the conversations sparked exciting ideas such as a bank for the cooperative.
- **Jon McDonald** observed that Gar’s presentation and book gave the Board and owners a national context of what is going on and that the annual meeting provided a valuable opportunity for personal interactions with owners. He also suggested that it was important to consider how to engage Latinos more and to start working on the solution.
- **Lisa Best** remarked, “What an incredible meeting!” She appreciated the gift of reading the book and liked that the focus was on the solution not just the problem. She found it exciting that in his presentation Gar tied WSM into the solution.
- **Michael Marotta** noted, “The flow of the meeting was really good” and “The community vibe was really tight.” He observed that many of those attending had been owners for a long time. He appreciated that the timing was quick but with lots of content and breadth.
- **Ruffin Slater** observed that the logistics worked great, except for the long lines at the entrance, and that people appreciated the evening’s agenda. He suggested that the Board consider follow-on meetings.

The Board will investigate possibilities for the annual meeting being held on the second Monday in September.

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Task: Brenda will check on the availability of the Century Center for Monday, September 8, 2014.

3. General Manager Report

The General Manager answered questions on his monthly General Report.

General Report included a number of highlights for the past month:

- As expected, sales growth was off in August due to the Carrboro remodel. We picked up sales in the other stores but not enough to compensate. Sales have rebounded to previous levels the first week of September.
- The Carrboro remodel turned out well and customer feedback has been positive. We had a few delays due to errors by our refrigeration manufacturer but still finished in 19 days. We will remodel the deli and café after Thanksgiving.
- We are raising the pay scale effective in December. Minimum pay is increasing from \$9 to \$10 per hour with all pay scales going up a similar amount. Overall raises in September will be about 7.5% compared to 4.5% the last three years.
- We are starting a new employee wellness program.

A Director asked about the schedule for the second phase and wanted to know what was realistic to communicate so as to manage expectations among staff, owners, and shoppers. The GM reported that much had been learned in the process and that things delayed with this phase would not cause delays with the next. He pointed out that they had set ambitious goals, which required pushing contractors.

A Director expressed that the GM had done an amazing job working in an old building with tough goals set for people. The Director thought the “Mini Mart” was a great success and noted that there was considerable positive feedback on the feel of the mart. He expressed concern about Panzanella’s ongoing losses. The GM related the losses to the timing of special events.

Another Director expressed pleasure at seeing how many people switched to shopping at Southern Village during the renovation rather than shopping at easy alternatives like Harris Teeter, which is in the same parking lot. Another Director expressed appreciation for the worker owner/employee base who had worked above and beyond duty during the renovations. The Board decided to write a note of appreciation to publish in the next Market Messenger.

Task: Linda and Curt will write a note of appreciation for Market Messenger on Monday September 23.

Monitoring Report 2-7: Asset Protection

A Director observed that it might be useful to take the interpretation of “Asset Protection” to the next level of “what is effective and useful.” In that light, the Director suggested that General Manager consider the metric for Provision #2 on plant wear and tear and offer insight to the Board on how he as a manager determines what is the appropriate method for

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determining the maintenance schedule. The Director expressed that knowing the reasoning underlying the method would be valuable to the Board.

The Director also asked a question to be considered at a subsequent meeting in relation to Provision #4, which address unnecessarily exposure of the organization, its board or staff to claims of liability. The Director asked if there were anything the Board would want to take responsibility for and if the Board were incurring an unnecessary exposure to liability. The question was slated as a bin item for future consideration.

The Board accepted the report as is.

Decision: The Board approved Monitoring Report 2-7: Asset Protection.

1-1: Ends Report

The General Manager gave a presentation of the Ends Report. He noted that the essential questions for the Board are “Are the Ends interpretations reasonable?” and “Do the data demonstrate reasonable accomplishment?” At the retreat in January, the General Manager gave a new interpretation that looks at the ends statement in three ways:

Management’s Ends Interpretation (related End)

A. The acknowledged leader in economic, social and environmental sustainability

1. Make healthy eating accessible, tasty, and fun (Primary, Educational)
2. Drive the growth of local and sustainable foods (Local)
3. Invigorate downtowns (Vibrant commercial center)
4. Use net zero energy, create zero waste, and promote responsible packaging (Ecological)

B. The model preferred by people (Cooperative, Empowering, Fair, Interactive)

C. The fastest growing form of enterprise (Inclusive, community of owner & potential owners, reliant on community support)

The GM pointed out “the acknowledged leader in economic, social and environmental sustainability” stresses that we are distinctly different from other businesses. This end provides the rationale for the four 2020 goals, which in sum represent a comprehensive approach to sustainability. He noted that “the model preferred by people” refers to the way we do business, but also that we have a business model that resonates with people. The business model addresses societal imperatives. “The fastest growing form of enterprise,” he observed, includes being more accessible to the whole community, both current and potential people, and expanding our impact and reach.

The GM identified key measurements for each of the three ends statements:

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Summary of Key Ends Measurements

A. The acknowledged leader in economic, social and environmental sustainability (Vibrant commercial center, educational, local, ecological)

1. Growth in healthy food sales
2. a. Growth in local and sustainable food sales; b) Growth in local economic impact compared to same expenditures at a conventional grocer
3. a) Number of Triangle downtowns with a grocery store; b) TBD
4. a) Net energy use; b) waste to landfill; c) % of packaging that can be re-used or recycled

B. The model preferred by people (Cooperative, Empowering, Fair, Interactive)

- Attraction to and perception of WSM as vibrant and fun
- Recognition of a co-op specific index for business success
- Success in sparking a new generation of co-op participation

C. The fastest growing form of enterprise (Inclusive, community of owner & potential owners, reliant on community support)

- Market share of people shopping at WSM
- % of capital needs from within WSM ownership
- WSM's local and organic prices compared to conventional

The GM then provided details about movement toward each of the four goals:

Goal 1

- Co-op sales are growing at a good clip. While general grocery sales are flat, ours are increasing.
- We are increasing the foods we are selling to match the healthy food plate model. For example, we are increasing produce sales to match the percentage on the healthy food plate.
- We are making steady progress toward selling healthy food at more accessible prices, with the goal to reduce gross margin by a point each year to reach 26% (a 15% reduction in prices).
- The Cooperative Community Fund is making more meaningful impact in supporting other groups, with the goal of increasing the fund to \$500,000 by 2020.

Goal 2

- Currently 50% of food sales are from local, regional or we're making ourselves.
- This past year the co-op had 160 local producers with \$7.8 million local economic impact, which equates to \$239 more than grocery stores for every \$1000 spent.

Goal 3

- We only have data in our areas, including 1.8 million transactions at three downtown stores last year. (The GM is working on other measures of vibrancy.)

Goal 4

- At the Food House have data that shows 20% waste is going to landfill. This data provides a starting point for future measures.

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- The Carrboro remodel is providing starting information for the net zero energy goal.

The GM identified other key steps toward ends fulfillment:

- Achieved customer service goal of 95%.
- Sharing back in various ways: Worker dividend averaged \$1893 (91 cents/hour) for full-time, fully vested worker owners; improved employee compensation, consumer benefits including the patronage dividend and owner discounts through coupons and owner specials.

He also identified evidence of a new generation of co-op participation:

- Increased subscriptions to WSM newsletters: 3000 subscribers to the new Owner e-News, 7210 subscribers to The Beet, and 269 subscribers to Panzanella's e-news.
- Increased number of consumer owners and worker owners.
- Growing perception of co-ops as a better business model, as shown by events like the annual meeting, 200 attended and 150 books sold.

The Directors discussed the report and agreed that the interpretation was reasonable. The Directors appreciated have the reports on the goals throughout the year and were excited that measurements were being defined, collected, and refined as part of the process though the process was in its early phases. One definition identified as significant was how the co-op defines "local." The General Manager will provide a written report at the October meeting.

4. Board Process

Board Monitoring Survey Results for Policies 4-7: Board Operating Structure, 4-8: Officer Authority and Responsibility, 4-9: Committee Principles, and 4-10: Committee Structure

The Board Chair reported that the results were consistently high with a few comments. The Chair was not sure of the need for the suggested text for #5 on 4-8: Officer Authority and Responsibility. One Director observed that it is ambiguous in how it reads and could be misused. The Director observed that it is the authority of the Board to decide on employment and compensation of the General Manager and the Board Chair just enacts that decision. Dave Bright is to consult with Mark Goehring on the wording used in the sample policy templates.

Task: Dave will check with Mark and draft a revision to #5 on Policy 4-8: Officer Authority and Responsibility.

Treasurer Report

The Treasurer submitted a report on the Q4 budget for 2013. The Directors had no questions on the report.

Report on Board Emails

The Board received an email from Hank Becker (who spoke in the Owner Input segment). The Chair will forward the email to the other Directors. The Board also received a letter about the

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use of MSG products, to which the Food House Manager, Tony Zuco, responded. The Chair will email to the other Directors the owner email and the response from Tony.

Task: Curt will email to the Board the communication from Hank on honest pricing and the response from the Food House to the owner who emailed about the MSG products.

5. Open Board Time

The Board members continued the discussion about the MSG-related product. The General Manager pointed out the ingredient comes from Frontier Co-op herbs and is used to make vegetarian stock. The ingredient is included on product labels. He reported that the Food House is looking at ways to eliminate the ingredient and move to a different stock.

A Director asked for information from previous Board meetings on the process for determining the interest rate on internal savings accounts.

Task: GM will email Jon the information about the process for determining owner interest rate.

Retreat date: Tuesday 1/7 at FH 8:30 am

6. Closings

Tasks and Decisions: The Board reviewed and confirmed its tasks and decisions.

October Agenda Items:

- 1-1: Ends Report
- Revision to #5 on Policy 4-8: Officer Authority and Responsibility
- Set Annual Meeting Date
- Dividend Mailout
- Executive Session with the Auditor
- 2-1 GM Constraint
- Board Survey 4-12 and 4-13

Meeting Evaluation:

The Board evaluated the meeting by answering a number of recurring questions:

1. How has tonight's meeting moved us forward on one or more of the following Board priorities: Telling the Story, Tracking Management Accountability, and Driving Participation:
 - We're getting new data, more data.
 - Hearing Gar helps give us context for telling the story and driving participation.

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2. What questions still need to be addressed for the Board to be knowledgeable and comfortable with these priorities:
 - What is the compelling message that links where we're positioned within the larger milieu of what people are concerned about, something that resonates, also from a diversity standpoint?
 - The annual meeting was the first way to communicate what we're doing, but how do we keep expanding on the story that we're a coop and we're the solution?
 - What do you care about?

3. What sentences about an aspect of tonight's meeting could be used in a message to owners:
 - “Come and be part of the solution”
 - “Revolution!!!”
 - “We're making money, and everyone's winning a little bit.”
 - “Gross margins going down and worker compensation going up—phenomenal!”
 - “How can be more responsible: increase in wages, plans to drop the pricing, where do we go with our reach?”

8. Executive Session