

Meeting Minutes for Weaver Street Market's Board of Directors

May 2016 Meeting

Decision: The Board approved the April minutes.

Decision: The Board accepted the B1: Financial Condition and Activities Monitoring Report.

Monthly Board Meeting, WSM Admin Center, Hillsborough, NC on May 11, 2016, 6:15 pm to 9:30 pm

Directors present: Ruffin Slater (general manager), David Bright (secretary), Barbara Keith, Jon McDonald (chair), Linda Stier, and Charles Traitor.

Others attending: Andy Sachs (facilitator), Brenda Camp (notes), Hank Becker (consumer owner), Lisa Best (consumer owner), Jennifer Broenner (consumer owner), Paul Cough (consumer owner), Becky Laskody (consumer owner), Len Singer (consumer owner), and James Watts (worker owner).

Meeting Format and Candidate Orientation Session

The May meeting combined a regular Board meeting with an orientation for prospective candidates on how the Board works. Attending a candidate orientation session is a requirement for candidacy. The meeting started with an overview of how the Board is accountable for Results, Means, and Process. These elements of the Board's work then provided a framework for the regular meeting topics. At the end of each topic, visitors were given an opportunity to ask questions.

1. Preliminaries

Owner Input: There was no owner input.

Agenda: There were no changes to the agenda.

Minutes: Minutes from the April meeting were approved.

Decision: The Board approved the April minutes.

2. Overview of What the Board Does

Board Chair Jon McDonald gave an overview of how the Board works. He told candidates that "accountability resides with the Directors" and that at WSM, the Board is accountable for defining and achieving **Results**, ensuring the General Manager uses prudent **Means**, and ensuring that the Board uses an effective **Process** among the Board and in its relationships with management. The topics on the agenda provided an example of each area of accountability.

3. Results Example

General Manager Ruffin Slater introduced the process being used to review the 2017 Budget and Plan. He pointed out that it's his job to turn the B2 Planning and Budgeting policy into an operational plan that Board then reviews and evaluates. He identified the elements covered in his interpretation of the policy and emphasized the importance of developing a common vocabulary for discussing and evaluating the plan:

- **Creates impact:** moves the needle on 36 key indicators in the Ends scorecard
- **Avoids jeopardy:** demonstrates compliance with limitation policies

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- **Develops capacity:** generates sales through business system improvements, people, resources
- **Aware:** takes into account the greater reality—the larger context, opportunities, and threats (*See planning assumptions below.*)
- **Demonstrates Feasibility:** is tested for financial, market, and design feasibility as well as readiness and risk (*New this year.*)
- **Leverages participation:** takes advantage of co-op owners and community partners
- **Long-term:** updates to our multi-year plan, which runs through the year 2020

The GM also identified a number of planning assumptions underlying the 2017 Plan and Budget. He observed that making the assumptions explicit would facilitate understanding and evaluating the plan

The GM noted that testing for feasibility was a new addition to the planning policy. He identified five areas involved in testing new initiatives for feasibility:

- **Market feasibility:** professional market analysis and site analysis (for example, opening a new store)
- **Financial feasibility:** development budget and multi-year financial implications (for example, purchasing our buildings)
- **Design feasibility:** a phased approach to designing how we're looking at ideas (for example, a healthy line of prepared foods)
- **Readiness assessment:** internal assessment of key systems and capacity (for example, supporting a Daily Table store)
- **Risk assessment:** an analysis of worst-case scenarios and contingencies

Aware (planning assumptions)	
<p>Strengths</p> <ul style="list-style-type: none"> • Co-op ownership structure • Strong financial position • Good will & partnerships • Capable staff • Food House 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Small • Complex business • Slow to innovate • New to self-distribution • Weak systems
<p>Opportunities</p> <ul style="list-style-type: none"> • New info on healthy eating • Innovations in small wholesale innovation • Low interest rates • Insights into what changes behavior • Hub and spoke operating model 	<p>Threats</p> <ul style="list-style-type: none"> • <u>Classic late lifecycle situation</u> • Sales growth slowing • New competition

The GM identified six new initiatives:

- **Daily Table store partnership:** A large group of organizations are exploring how we collaborate on ending hunger. We have the opportunity to pilot one or two of the Daily Table stores, which is a relatively new concept. There is a possibility of using our facility off hours to mimic a food preparation system without having the hub in place.
- **Deeper support for local producers to scale up:** To support the next level of local producers requires more investment and a larger scale of investment. WSM is often the first market for producers. We promise sales and help them with the basics of setting up a retail business. An opportunity exists to change the model to create a greater chance for success. A key question is the financing stream since new producers are unlikely to get a loan. Setting up a local producer loan fund with SELF-HELP could yield high-risk capital that leverages low-risk capital.

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- **Customized healthy eating line:** There is an opportunity to develop a line of healthy eating products that makes it easy for shoppers to buy ready-to-eat foods.
- **Healthcare:** WSM is self-insured with administrative costs. There are 9 health strategies promoted in industry for providing affordable health coverage. We have eliminated three (cost shifting, redefining eligibility, switching carriers) because of the negative impact on employees. Three we're trying (alternative funding—self-insurance, wellness, incentives), and three are new and not many are doing (transparency—as a user you see what your healthcare costs, new technology—talk to a doctor on the phone, steerage to network, including pharmacy). WSM could do nothing, but looking to the future, how do we go about doing it?
- **Co-op integration:** We are building relationships with co-ops and shifting our thinking to us as a network of co-ops rather than individual co-ops. We have achieved a number of successes on a pilot basis, but there is an opportunity to move the co-op partnerships from peripheral to central to the way we do business. For example, there is a project with an enormous potential with co-op in Italy but we need to figure out how to design it at a mezzanine level to test the concept.
- **Feasibility/implementation groups:** There is an opportunity for groups to work together on issues like the ones above. We have ambassadors working on a couple of projects already.

The GM observed that the next step would be to quantify the resources justified by the investment. He suggested that the Board needs to address the question, “How do we make an assessment that we have confidence in what’s being planned based on our understanding of the new elements of the policies.”

The Board discussed the GM’s presentation of the plan and budget, and then asked visitors to join the discussion. Feedback included:

- When making risk assessment, it’s important 1) to identify what’s most critical in minimizing the risks and 2) to identify what to start first so that there are fewer things in the queue and at different phases, which also means achieving faster results.
- It’s important on an ongoing basis to consider initiatives that haven’t been thought about and to provide a fertile environment in which questions get developed.
- Through participation we’ll have ideas we haven’t even thought of. We are moving into a “new era of being scrappy and innovative.”
- Groups working together—that’s a strong part of who we are, and it’s from which new ideas will come.
- These initiatives are pushing the envelope. It’s necessary though to keep our focus on our strategies and not to deplete resources and synergy for what are already doing.
- It is important to involve both consumers and workers in the conversations about the new initiatives.

4. Means Example

The General Manager presented his written monitoring report for B1: Financial Condition and Activities, which is a quarterly monitoring report. The GM pointed out that this was the second time for the Board to see this report for the revised Financial Condition policy. He noted that it was the Board’s job to determine whether the report showed him to be in compliance with the policy. He pointed out that the new policy is more rigorous than the previous policy in two areas: avoiding fiscal jeopardy and in setting and achieving financial goals. This means that avoiding fiscal jeopardy is not enough, that

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he must also demonstrate that we're prepared for the future. The report includes his interpretation of the policy, an operational definition, and data that demonstrate compliance with the policy.

Decision: The Board accepted the B1: Financial Condition and Activities Monitoring Report.

5. Process Example

Linda Stier initiated a conversation about the Board's process policies. The process policies describe the expectations the Board has for itself and its work—the agreements the Board has made about how it intends to perform its role. The policies, Stier noted “organize ourselves to get our jobs done.” She pointed out that the Board is accountable to ownership that the Ends happen, and that the Board has an ongoing developmental process of connecting with ownership. Stier pointed out that policy governance is a comprehensive system in which nothing gets left out. She also noted that participation can be impactful, but that there is a balance that needs to be achieved with having everyone involved and being able to move swiftly and innovatively. The GM added that the strength of our system is accountability, that there is a vetting process that mitigates undesirable consequences.

6. Candidate Information and Questions

Brenda Camp answered questions about the candidate application package and elections timeline.

7. Closings

- Review Decisions and Tasks
- Meeting Evaluation