

## Board Meeting Minutes

### La Montañita Co-op

November 21, 2017, 5:45 pm

901 Menaul Blvd NE, Albuquerque NM 87107

**Board Directors Present:** E. Wheeler (Video), A. Satpathi, J. Glover (Video), J. Anaya, C. Jones, M. Hildebrand and M. Joe

*Directors Absent:* G. Dennis

*Quorum Present?* Yes

**Others Present:** J. Phy (COSO), T. Massey (CRO, by video)

**Members Present that signed in:** P. Calahan, R. Zaragoza, J. Swan, a Team Member from the WS

**Members Present Via Videoconference:** W. Prokopiak (SF)

#### **Proceedings:**

C. Jones called the meeting to order at 5:45 pm, welcomed everyone. He explained that the Member Survey Results would not be discussed as indicated in the Agenda due to the fact the analysis was not complete. They will be reported out as soon as it is done. Therefore, he introduced Joe Phy, the new COSO and let him introduce himself.

#### **Discussion Forum:**

J. Phy: He introduced himself and his background which led him to this position. He then opened the floor for questions.

Member: What do you feel needs to be done first?

J. Phy: Identified the need to work with Marketing and Community Development Support to enhance membership and sales. He is working with the T. Massey (CRO) to revamp deli menus, establish more consistency in merchandizing across the stores to enhance buying power, better utilize the NCG promotions through advertising and other campaigns. Not everything in each store will be the same, but more needs to be for a more cohesive experience across the coop retail stores.

Member: The Westside Store signage is a challenge and hard to find.

J. Phy: We are on the 3<sup>rd</sup> iteration of signage on the Westside, this has always been an issue and it will continue to be looked at and analyzed for improvement.

Member: How do we get more involvement from members for the Veterans Farmers Project? It's a project for the Coop, Veterans and everyone. We do classes for the community. If we could find a way to get more people involved, the amount of produce we grow could be improved. ½ of the full acre was cover crop, there was no way to grow and manage an entire acre by myself. There is no budget for the Veteran Farmer Project at the Coop. If this is something the Coop wants to continue, this is something the Coop needs to engage in. We didn't get any discount cards, so we were unable to offer even that to volunteers. Possibly membership committee could offer something to donate their time. Member turnout was very low.

J. Phy: Getting member owners involved is paramount in taking the coop forward, it's going to involve engagement. We have hired a person into the Community Development area and they are looking at how to boost member engagement? We had the same Director in that position for many years, we now have a chance to reinvent and put new ideas on the table. We really have a great opportunity; we can learn the lessons and move beyond that to make La Montanita as good as it can be. We will look the volunteer discount cards.

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T. Massey: Veteran outreach and connections we can make are very important! As a volunteer for another non-profit that connects veterans and communities he recognizes that the Veteran's Farmer project is very important and is committed to helping figure out how can to channel all member owners to be involved in our Coop. When there is high member participation in times of progressive operations, the Coop will have "won the game". There is a ton of potential for positive engagement when things are good. "I'm really excited about it."

Member: Brought in bouillon cubes at the Nob Hill store that were expired, along with other expired items. This was months ago and the issue hasn't been corrected. Old items aren't always returned, people don't want to come back after that. This needs to be cleaned up. Checked the other stores and Santa Fe had 2 items, his store (RG) only had 2, the WS had 45. Some things are six months old.

E. Wheeler: As a Team Member, what is your recommendation to fix this?

Member: Monday, have everyone from each team go and pull it, and come up with a systemic plan and do it in an orderly manner. RG has 12 people in grocery, and if everyone had that as part of their job, does not have to be a manager, but wants non-expired products in the stores.

T. Massey: Questioned the whether the dates were mixed, or were they in the correct order, just not removed when expired? Were they fast sellers or slow? Was it movement or improper rotation?

Member: Suggested that the rotation process has a breakdown

Member: Suggested doing this at the end of the month to make sure nothing ever gets over a month older.

J. Phy: The difference is that Produce needs be checked daily. Asked how they were checking short dates for Dairy, daily and weekly. Frequent checks on boxed items, different rotations on items with various shelf lives. No one wants an out of date product on the shelf.

Member: Then rotate it to the discount shelf?

J. Anaya: (He) was assistant grocery manager, always checking dates as he ordered. Made notes and quick sale tags, or pulled if it was expired. We can practice this on ordering, shelving, stocking.

Member: The Member owner committee that reviews the products we are stocking should look at Ethics and Welfare of the products. Just because something is organic, the supply chain might have some kinks in it, which we don't want to participate in. Is it possible to create a new committee? I have been a member owner for many years, and didn't realize we could be a committee member.

E. Wheeler: On renewal of memberships, we could remind them there are ways to participate in the Coop. What would be a better way to inform members?

Members: Use the registers...signage

C. Jones: What is the communication between members and staff, committees, how do we measure member participation?

Member: Member committee has a broad scope, vs. ethics committee, should be different committee.

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C. Jones: We have committees in accordance with the Bylaws.

A. Satpathi: Bylaws don't specify what committees exist, or which are standing or ad-hoc. There is an opportunity to realign Committees with the needs of the LMC.

E. Wheeler: Ad-hocs, absolutely, you need to find a Board Director to be your conduit. This discussion falls within the realm of membership, and through that Committee, there is a conduit to the Board. Unbucketing everything can lead to chaos. We all need to talk about the process. You always want a conduit to the Board.

### I. LMC Business Meeting

E. Wheeler opened the meeting at 6:10 pm.

1) Approve the Agenda:

*Issues Raised:* None

*Actions Taken:* M. Joe motioned to approve.

E. Wheeler seconded the motion. Unanimous approval.

*Actions Required:* None.

2) Approve Consent Agenda

*Issues Raised:* None

*Actions Taken:* J. Anaya motioned to approve as written.

M. Joe seconded the motion. Unanimous approval.

*Actions Required:* None

### II. Committee Updates

1. Policy Development Committee: (A. Satpathi)

a. All proposed Bylaws changes were approved by the membership with the exception of changing the Voting Period

b. The next Committee meeting the Committee will set the priorities for 2018 Committee work.

1) Membership Engagement Committee: (C. Jones).

a. Analysis of Member Survey data is ongoing.

b. Member owner survey is expected to be done by Friday, more info by Monday. The reason for the delay was that many people used paper surveys. The work with statistician ongoing. Detailed info is forthcoming.

c. Report with results will be available online.

d. Discussion forum topic for tonight, but the data is not available yet.

e. J. Phy: Be aware that any information we put on the website or in any type of publication will not contain information advantageous to the competition.

f. E. Wheeler: Can Binders containing all the data be put at each store, like we do with the Finance Data?

g. J. Phy: Yes we can do that.

2) Elections and Nominations Committee: (R. Zaragoza, member-owner on the committee)

a. All people on Board will be getting letters to members, in the letter it will state emails from Background Check company is forthcoming.

b. Nov. 30<sup>th</sup> deadline for Background checks.

c. Nov. 30<sup>th</sup>, video work for Board Training. Board Training is 12/16 at the Support office for Board Training.

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- d. Board Manual by Dec 8<sup>th</sup>, will be provided to all new Board members.
  - e. All Board members need to be trained.
  - f. Dec. 19<sup>th</sup> next monthly member Board Meeting.
- 3) Finance Committee: (J. Glover)
- a. Agreed Upon Procedures (internal financial audit) is due to be completed by the end of the Calendar Year 2017. Will share information regarding the report findings next year.
  - b. Wells Fargo transition is underway, waiting to complete the Agreed Upon Procedures first, then will commence the transfer of Wells Fargo to Century Bank.
  - c. Membership dividend will be reinstated for FY 17, we can only issue a dividend on membership sales. Will be presented at the next quarterly update.

4) Member Questions and Comments on Committees:

Member: Is the Orientation on the 16<sup>th</sup> all day?

R. Zaragoza: Hopefully not, getting the manual together for read aheads. Due to go out on 12/9

Member: 7 days is not much time?

R. Zaragoza: it's just myself on the N&E Committee, so can't get that done. I need sleep at this time of year also. Gives people a week. They will all be notified.

### III. LMC Business

1) Introduce new COSO and CRO (C. Jones)

C. Jones: J. Phy and T. Massey are the permanent COSO and CRO, respectively. There were many applicants which were down selected to 10, then to further and these two were selected. They both started on November 1, T. Massey telecommuting until his relocation in Dec. We are very excited about them in these roles. He asked T. Massey to give a brief background

T. Massey: Worked as a bag boy at Safeway. 3 weeks into the job, moved up to cashier on night crew. Worked for Safeway for 17 years. He really enjoyed working at the training and development center at Safeway and became a teacher for internal training systems. Moving from negative to positive strength based. Taking what you are bad at and making you less not good is not the way to go. When you strengthen strengths, you get a net higher improvement than trying to leverage weaknesses.

My lifestyle changed, and I moved to North Coast Coop. Skipped it the first time, but a year later, the opportunity came again. Now, he breeds chickens and ducks, works in the community as a small farmer, got to bring my real self to work again. At North Coast, we built a team. Turned the organization, 47 years old, from unprofitable to high functioning. North Coast Coop was a large store, over-built, 28K SF, \$280K/week, also facilities manager for business unit, also opened up a distribution center for bulk buying. Left in 2016, and took a shot and got the CA contractors license, explored that, opened Fat Basset woodworks, started coaching and consultation for Coops, coaching and support. Last summer, worked for a Portland Coop in an interim role, for a 2-star Coop, negotiating contracts, and as that tenure ended, I thought I would go back to woodwork. Montana, New Pioneer, La Montanita...Largest geographic spread, 2<sup>nd</sup> largest number of stores. Ready for a new location, high desert as the polar opposite, we are coming to NM to be part of the team.

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Member: What is your first goal when you get here to implement for the Coop?

T. Massey: I'm doing a 6-question survey, which I take and make a poster; it's eye-opening. First priority is to learn, and to provide support and leadership, to channel the talent to meet the needs of the stakeholders, member owners, staff, and Board. Every staff member will answer the following questions:

- What do you love about your coop?
- Why do you choose to work here?
- What can I do for you?
- What is the single biggest challenge internally that effects you?
- What is the biggest challenge to improving our business?

C. Jones: (to J. Phy) What is the significance of your culmination from STL at WS to STL at RG and now becoming one of the lead Executives?

J. Phy: I've spent the last 16 years going into a store everyday. I'm trying to bridge the gap between the stores and the support office. I'm focusing on working with the support office to facilitate the efficiency; making the operation streamlined and effective as possible.

C. Jones: Can you speak to the timeline for the current job openings?

J. Phy: We are starting interviews on the Social Media position today; next week hoping to start others. Hiring in IT dept. as well, our IT Tech has left. The Hiring for an HR assistant is done, D. Duran is the Manager.

Member: Do we have any bilingual staff interviewing for marketing positions? It would really help us to reach the audience, reach our neighbors. Many staff are qualified, would encourage the Coop to seek staff with bilingual abilities.

J. Phy: I believe we do have bilingual applicants for both positions.

E. Wheeler: It was a very difficult decision for us on the positions of the COSO and CRO because of the quality of the applicants. I want to make publicly say thank you to both gentleman, Rob Dixon and Will Prokopiak, who have gotten us to where we are! I look forward to Toby and Joe carrying us forward; you will do great, and you have an amazing professional team behind you.

T. Massey: The transition could have been more challenging, Will is boots on the ground and communicates daily.

### 2) Other Business Updates

- a. T. Massey is due to be relocated to Albuquerque the first week in December
- b. Backfill for the STL position for the Rio Grande store is in process and being worked as a high priority

## IV. **Member Comments/Questions**

- 1) Member: Good earth is switching to more sustainable packaging.

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- a. T. Massey: I'm a huge advocate for salvage/renew/recycle, triple bottom line approach, have complete interest and support to work on that.
  - b. M. Hildebrand: NGC Conference, one of the big initiatives is climate action. Around the country coops are putting forward initiatives, we need to partake in that as well.
- 2) Member: We hear 16,000 members, do they actively shop?
- a. J. Phy: there are 16,000 memberships, those are active members.
  - b. C. Jones: there are 4-5K that regularly shop that are not members. Finance Committee & John Heckes show the membership numbers. It's an approximation and it is a moving target. If members let their memberships expire, we need to ask ourselves, why? Do we position ourselves in our deliberate energy and allocation of resources, staff time and staff hours, how do we deploy and ask member owners to represent members at events. \$54K is earmarked for member events and / or outreach, impression is that there hasn't been a good understanding about how that has been used, where else should we be in 2018, and how do we work with staff? We are ushering in a New Year, new financial standing, new leadership standing. We shouldn't just keep kicking around 16,000 members as a number.
- 3) Member: What percent of sales are member sales vs. non-member sales?
- a. J. Glover: 1/3 of our income comes from non-members. Approximately 2/3 is member sales. We want to look and understand our membership numbers – we need to be talking to membership committee, staff, to have the lateral discussion to drive and educate membership. There are so many aspects involved with the membership, not just the \$15. Otherwise, we lose it and pay as taxes.
  - b. C. Jones: What are the weekly spending habits of members & non-members?
  - c. T. Massey: Non-member basket size is \$~20, on average, member is \$30-35 on average. A member will shop 3-4 times, non-members less. Convert non-members to members, fastest way to do it. The best way is through front-line staff, get them to engage with customers. There are 100 ways to go about that.
  - d. Member: 80% of people have lapsed the membership, I stopped getting a dividend, flatlined, need to educate people about the other benefits of being a member. Specials need to be targeted. Need to get questions out there, have a desk and have someone in the store.
  - e. Member: Get people excited about why they would want to join, supporting fair wages, supporting medical benefits, telling the story.
  - f. T. Massey: Converting members pays for itself a hundred times over.
  - g. Member: We do give away gift cards for renewed and most new memberships, WS has done competitions, we do work on that. We have free coffee, all day, every day.
  - h. Member: encourages the farmers she works with to become members. Their vote and voice is important. She was provided a membership but not told anything about the membership.
  - i. Member: I was never told what the benefits are, you get a dividend, stipend bonus, I learned via newsletter and working with Robin (Seydel). There is a way to share knowledge, in a weekly blast. Marketing, member engagement, knowledge and have something they can take home.

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- j. C. Jones: A member had heard discount cards were 1% of the annual budget, is that correct?
  - k. J. Glover: There is no number or percentage that is identified or calculated in the budget for them.
  - l. W. Prokopiak: There is a cost to the Discount cards.
  - m. E. Wheeler: There is no amount in the budget for discount cards. J. Phy will look into why they stopped being used. We will have to monitor the expense.
- 4) E. Wheeler: Thanked all the member owners that are active, and thank you! I appreciate you guys coming and the conversation.
  - 5) W. Prokopiak: Thanked the Board for making all the changes that led to where we are today. The reorg was not easy, it needed to be done, we can look back in hindsight, it was necessary and a good thing, and a new frontiers, thank you to the Board members, we wouldn't be where we are today.
  - 6) Member: Thanked the IT Dept for getting the Technology working so well.

**V. Adjourn Member Session.** Motion was made by M. Hildebrand to adjourn; Motion was seconded by J. Anaya.

### Email Votes:

**1. December 4, 2017 -- Motion to Approve Directors Discount Policy. Based on the 2017 by-law changes, non-staff Board Directors will receive a discount on LMC purchases in absence of a stipend. This document mirrors the information provided to staff members who receive the discount benefit.**

Motion: J. Glover

Second: G. Dennis

Approved: G. Dennis, C. Jones, J. Anaya, M. Hildebrand, A. Satpathi, E. Wheeler, J. Glover, M. Joe

Abstain: None