

Board of Directors Meeting
Wednesday September 20, 2017

6:00pm open | 9:00pm adjourn
2746 N Milwaukee Ave

Directors: David Glover, Ally Young, Brian Solem, Sean Shatto, Ryan Palma (facilitator). Absent: Claudia Richman, Norma Samame, Rebecca Reynolds, Beatriz Beckford. **Staff:** Sharon Hoyer. **Guests:** Paula Gilbertson (NCG), Meghann Wilkinson (scribe), Shelby, Celeste, Tony, Em, Carla, Jaime, George, Dafina, Tania.

Call to Order & Check-in

Ryan Palma, Facilitator.

Check-in: favorite element of new store. Review of meeting norms.

Owner Comments

Tania Hughes

Noticed that the new store has more conventional produce than the largely organic selection of the old store. Is surprised and disappointed in the abundance of conventional produce. Is curious about how the non-organic products are selling. Mazola Oil vs. organic oil brands; why are we carrying those sorts of products? It seems like if we are selling those products, we are condoning them- how does this fit into the educational piece of the mission? Seems troubling that we are carrying products with harmful chemicals, poor labor or environmental practices, etc. Has had conversation with fellow community members- there is some general confusion and anger at some of the new products found on the shelves.

Also: Is there a plan to improve the signage so that it is clearer what is "local," "organic," etc. Signage would clarify the differences and would provide an educational piece to the shopping experience.

GM response: yes, we have added a lot more conventional products and produce. One of the biggest critiques we receive year after year is that the co-op is price prohibitive and is not welcome to people of all income levels. Part of expansion was expansion of the range of options- opening arms wider to more people in the community. Bearing in mind that a new store opening is an experiment- we will see what does sell; if the conventional products aren't selling, they won't be kept around. More signage forthcoming!

Board response: our job is to listen to the owners and to make sure the co-op is meeting its ends. If it becomes obvious that owners want a certain thing- policy can change, ends can change, so that the store becomes what the ownership wants. Sean invited Tania to continue this conversation via email.

Consent Agenda

Ally Young, Secretary

Approved:

August Meeting Minutes

GM Operations Report

Committee Reports

2017-18 Board Calendar (note that this does not include a standing meeting schedule.)

Agenda Approval

Ryan Palma, Facilitator

Approved, with CBLD discussion dropped due to Rebecca's absence.

Expansion Update

Sharon Hoyer, GM

On our 50% off day in the old store, we did \$17,000 in sales (avg. daily sales was about \$5000).

We opened our new location on Milwaukee Ave on Sept 8th. Congratulations to all board members, over 2000 owners, shoppers. Monumental effort that so many people put in. APPLAUSE!!!

\$982,000 in owner loans used to date. Requested CCLF fund \$70,000 of working capital for cash flow prior to new store opening. Landlord provided remainder of \$60,000 storefront improvement funds.

\$989,500 in owner loans raised; \$135,567 left to raise. We have almost \$80,000 left in contingency to cover the basement construction work. Focusing on getting break room and admin offices finished first.

Parking area is not yet complete- should be done by Tuesday or Wednesday of next week- by next weekend, there will be customer parking. Finishing up punch list now- it is significant. Lots of little things. There are still electricians and carpenters here everyday- working their way down the list. Basement work will take about \$20,000. We could theoretically take the rest from the contingency out of the loans that we have left to raise.

Grand opening celebration is October 8th- hope to have everything polished up and ready to go by the beginning of October. Really learned the importance of the soft opening- there have been many little tweaks during these first weeks.

Paula from NCG presented some gifts and lots of congratulations!!

Board Decision-making

Brian Solem, VP

The board operates using consensus decision making that is based on Building United Judgement, a very long document. During the board retreat, it was decided that the board's process of decision making needs to be more codified. Joel from CBLD sent Brian a 15-pg guide "On Conflict and Consensus." VP sent this to the board. VP created a 1-pager of what he thought was important info from the guide.

VP sees this as something that would be included in onboarding/training process of new officers. The current board believes in the core principles of consensus decision making but needs something rock solid, clear, and succinct as a resource. "On conflict and Consensus" would be included in onboarding as well as the 1-pager. The 1-pager would be helpful for facilitators, for board members to have on a desk as an easy reference, etc.

Board feedback-

- this has really demystified the consensus process and has shed light on some past board conflicts, etc. The clear 3-step process. "If learning about consensus is not made easily accessible, it will create inequities and undermine the consensus process...."
- this could work well within the roles of a meeting- especially facilitation. Knowing how to monitor, evaluate, and to make sure that the board has achieved the goals.
- Could this go on the website as "background information?"

What are the possible next steps? Seems like there should be some current board training to match with the newly onboarded directors before meeting of new board.

Seems like we are strengthening an existing process of consensus with this- do we want to decide that consensus is the way that we always make board decisions? General "yes"- Consensus is the least violent form of decision making and the process inherently strengthens the decision as it moves along.

Brian will put together a formal proposal and draft a 1-pager- for the next meeting

GM Monitoring

Sean Shatto, President

BI: Business Planning & Financial Budgeting

BI.1: Accepted as non-compliant with no consequences.

Expansion was the solution for stagnant growth and reaching capacity at old store.

BI.2: Accepted as non-compliant with no consequences.

Q: Did GM see anything in the last quarter that gave her pause or concern? A: No. There are some admin costs that need to get reigned in, but the new store is an entirely different operation. The cause for losses was a mix of sales decline and insufficient margins that could be achieved in that store. All of the indicators in the new store point to strong sales. Cost plus- our projected percentage- is already going down another 3 points. GM has concern with high accounting fees, but these mostly were associated with expansion project.

Q: why the doubling of total administration expenses? A: Total admin expenses includes the accounting and bookkeeping- could see how this listing on the chart could be confusing. 2017 net loss is less than 2016 net loss. Personnel costs were significantly reduced- due to better scheduling.

BI.3: Accepted as compliant.

Q: why is there no mention of the actual current ratio? A: GM will add that. Cannot know net income until inventory count is done.

Q: Can we include Quicken current ratio into the monthly report B2.6? It might be more important to just get updates if something is out of line- quarterly updates with BI instead of reporting? A: GM can do the cash flow report monthly- just the current situation and the last few months.

GM will include BI.3 report (quick and current ratio) in the monthly Operations Report.

BI.4: Accepted as compliant

BI.5: Accepted as compliant

BI.6: Accepted as compliant

BI.7: Accepted as compliant

BI.8: Accepted as compliant

BI.9: Accepted as compliant

Q: What is the involvement of NCG moving forward? A: NCG is contracted to help with marketing throughout the 1st year of operations. Existing plan does need updating and doesn't run through entire first year in the new store.

Request to see some results of marketing plan included in the Operations Update.

B2: Business Planning & Financial Budgeting

B2.6: Accepted as non-compliant.

Is this necessary to review quarterly? The quarterly report could be very simple- chart showing what the debt service coverage ratio is- and track the bottom. GM will include the Debt Service Coverage Ratio quarterly within in the Operations Report; B2.6 will no longer be monitored quarterly with BI.

Board Monitoring

Sean Shatto, President

Review of comments submitted online, assessment of actions to take to gain compliance.

C8: Governance Investment

Concern with only 5/9 responses. Was this due to it being on Google docs? Directors not used to using this in addition to the board packet? Ally will start Loomio thread about streamlining the board monitoring process.

C8.1: Discussion

General themes: Channeling “excellence” into board work; more ongoing onboarding sessions.

There is a struggle with having a separate gmail account that board members have to log into. It's really hard as a volunteer to change daily process to engage in this separate thing. When mail was coming to main hub, it was more on-the-radar (seeing things pop up as they come in); at a base level, achieving excellence is challenging with this barrier. The board should discuss dispersal of information with the next board- bring up at first new board meeting.

Is the security element of switching to Google Drive worth the lower participation? Or will a new roster of directors who have not developed any habits flow into it easily? The new board should be able to vote on what will be the easiest- and what the organization can provide them. Board should be able to flow into what systems are in place in the organization.

Feedback from NCG: Board should really not have so much in-between meetings happening online. Committees, yes- but not so much online. The board packet should be the channel for most of the information.

How can we plan onboarding now so that consensus training is a foundation of that- as well as board monitoring process? It doesn't seem like the current board has the skills that it needs in decision making and board monitoring. We have a lot more process documents in writing this year.

Plan to continue improving the onboarding process. Board should have conversation at October board meeting planning for officer elections and have a plan for onboarding presented to the sitting board to get input on that. There are many great resources to tap.

The board will commit to having an outside facilitator at every meeting for the next board year. Could train an owner on policy governance and make this a HOO position.

C8.2: Discussion

Board discussion: Board could use more outside monitoring assistance and figuring out how to implement that. Board needs to be looking ahead at policies coming up for the

next month so knowing what data is needed. The board calendar needs to be ahead of itself.

Using staff surveys as a 3rd party source. Committees or sub-committees could maintain relationships with those 3rd party groups.

Next step: Policy Committee will look back at the last year of reports and see where we needed a different source of data- identify 2 or 3 policies that could use 3rd party monitoring assistance.

NCG has already compared board budget for training with that of other co-ops, seems reasonable.

Scheduling out line items at the beginning of the year

C8.3: Discussion

Board budget was finalized in may- not by March 31st. Ryan's process was good- there was a forum where everyone could see what was going on and make comments. Plan is to get the budget done more quickly.

D1: Unity of Control

D1.1: Compliant

D1.2: Compliant

Annual Meeting

Sean Shatto, President

Open discussion about what the board wants to get out of the engagement process with owners at the annual meeting. Having conversations that could filter into rewrite of Ends policies?

Initial thought is that we have done a lot of collecting info from owners on Ends policies. Anything we draw from owners should not be diving deep into changing the Ends.

The annual meeting is just one focus group- the core of our core. It is important to drive the message of "broadening the circle." Important time to talk about widening product to widening diversity of ownership. Setting the stage with "here's what's going on in the world" and where are we in that? Would discourage the use of stations, moving about, dissipating energy. Present some board voices and some candidate voices.

The Ends are very high level. It's easier for people to look at things like product mix, shopping experience, etc. Annual Meeting should be lowering the bar for someone to participate.

Do we miss an opportunity if we're only looking at the outcomes of the ends? Ex- affordability is part of the ends- if we're only looking at what product mix we want, we're not looking at the policy driving it.

If we don't put affordability and access in front of the owners- the complexities of balancing these things- it might be hard to move forward.

NCG response: It's not about participating in rewriting the ends- it's about messaging. Showing what was driving some of the decisions in the new store.

Annual Meeting should be celebratory! There will be more than just the "core of the core" at this meeting- there are so many new owners and new buzz. Board needs to tell the story of how DP got here, explaining the continuum, explaining that it's about a cooperative- not a dogma or a food policy. Need someone to tell that story and build that thread.

Don't necessarily need exercises for the owners- it's an opportunity for the owners to learn more about the coop. Show what we've done with the research and exercises from last Annual Meeting. Owners are participating by showing up, voting, coming to board meetings- a lot of owners don't know that much about Dill Pickle.

Board discussion: Anxiety about the amount of owner engagement we have done- the conversation has not been on a 2 way direction with the ownership. We need to acknowledge that there should be more 2 way communication with the ownership. Some of this stuff can happen via newsletter before the annual meeting "prime the pump"- and getting some of these ideas out ahead of time.

Theme for the meeting "opening the doors wider" or "being welcoming."

Also need to be clear about the fact that we still have a lot of money to raise.

Still waiting to confirm date with Ruiz Cultural Center to accommodate GM request.

Monthly Board Meeting Date

Sean Shatto, President

4th Wednesday of the month works the best operationally- for GM to get reports in.

Initially plan on Wednesdays- but perhaps board could consider "4th WEEK of every month" and create what day that would be with the new board (this could become permanent).

Closing

Ally Young, Secretary

Next board meeting is Wednesday 10/18, 6-9pm @2746 N Milwaukee basement.
Facilitator: Tom Pierson

Submission deadline board packet materials is Monday 10/9. Packet to be compiled and distributed by Wednesday 10/11, a week prior to meeting.