

MINUTES [FINAL]
Brattleboro Food Co-op Board of Directors
2 Main Street, Room 130, Brattleboro, VT

Monday, September 9, 2019

Directors Present: Jim Barker, Anna Edson, Judy Fink, Skye Morse, Beth Neher, Arion Thiboumery, Jerelyn Wilson. Directors Absent: Tamara Stenn, Mary Bené

Staff, Shareholders and Others Present: General Manager Sabine Rhyne; Board Administrator Sarah Brennan; Marketing and Community Relations Manager Jon Megas-Russell; Shareholders: Sheila Adams (staff), Fhar Miess, Ron Schneiderman (staff)

The meeting was called to order by President Beth Neher at 5:15 pm.

1. **Meeting Opening:** The meeting opened with board members and guests introducing themselves and sharing highlights of their Labor Day weekend.
2. **Agenda Review:** The Policy and Bylaws Committee is requesting that the Board take up proposed changes to both policies and bylaws.
3. **Approval of Minutes:** Skye moved to accept the minutes of the August 5, 2019 meeting; Judy seconded. The motion to accept the minutes with a minor correction passed unanimously.
4. **Shareholder Input and Board Tabling:**
 - a. Fhar Miess of 350 Brattleboro alerted the Board to a Global Climate Strike taking place the week of 9/20 – 9/27. He hopes that Co-op employees will be encouraged to participate in a rally at Pliny Park on the 20th. Sabine stated that we aren't in a position to encourage/allow people to walk off the job during that time but we will publicize the event. Fhar also encourages other actions such as holding internal meetings to assess and respond to climate change.
 - b. Judy reported out on her and Mary's tabling experience, and noted that they encouraged people to use feedback forms, copies of which are in the Board's tabling folder in Shareholder Services.
 - c. Marketing and Community Relations Manager Jon Megas-Russell shared some August statistics about feedback: We've been more thorough with documenting feedback received from every avenue, including social media; the goal being to build customer relationships and better meet customer needs. Highlights: July: 86 pieces of feedback, August: 66, of which 22 comments came from Board tabling. Seventeen were product requests, fifteen were praises of various departments, and there were a handful of complaints. Two comments were about discounts: "yes, it's appropriate to change the discount structure", and "you might drive people away if you change the discounts". Jon emphasized the need to get contact information while tabling so that he can follow up personally.
 - d. Skye and Sarah have each heard from different shareholders that we sprinkle too much water on the produce.
5. **GM Report:** Discussion highlights:
 - a. Downtown panhandling situation: Sabine continues to work as many angles as possible to try to get some actual movement forward with some of the ideas out there. She plans to get louder about it. Dottie's sales have tanked over the last few weeks (down by 20 – 30%) due to people camping out on the sidewalk. We are exploring getting an adjustment in rent from the Town. The Board discussed the merits and drawbacks of board members writing letters to the editor to piggyback on Sabine's efforts; Sabine will give this some thought.

- b. Sabine restated the importance of calling 911 yourself if you experience or witness something that rises to that level. Fifteen calls from 15 people will be received differently than 15 calls from the same person.
- c. Website payments: Our first step is to enable the sale of gift cards on the website. Skye described a recent experience at a Boston Whole Foods in which the pickers outnumbered the normal shoppers. He learned they make \$15/hour.
- d. Forecast compared to budget update: this number (currently at -1.42%) is, if this continues, where we would end up at the end of the quarter.
- e. Operating cash: the recent downturn is a function of many variables, including the new health insurance rates.

6. GM Monitoring Report: Jerelyn moved, and Arion seconded, to accept the QII 6 Shareholders monitoring report. Sabine noted that her monitoring report covers shareholders as a whole in the first section, whereas the policy sub-bullets focus on the working shareholder program. Discussion touched upon the following:

- a. Stacked discounts: these may be going away, and in any event they do not apply to alcohol (by law).
- b. Jerelyn suggested that in future reports, Sabine mention more detail about (as an example) the fact that cashiers are well-versed about membership and ready to share when they're asked.
- c. Shareholder growth year over year is down from 6% to 4%, due partly to a data glitch in the overhaul of the reporting/tracking system.
- d. Jon described the orientation he provides to new shareholders. Each person handles this a bit differently and his particular emphasis is on pointing out the best way to take advantage of the various sales (Manager specials, Co-op deals, etc.) He also focuses on local, access to free classes, and discounts. Note: we have begun asking for date of birth. The packet includes pamphlets on Co-ops, our Ends policies, the working shareholder program, pennywise pantry tours, GMOs, FFT, Sales fliers, our building's green features, and coupons. He has plans to check in with new shareholders a month later, and we will plan to approach members we haven't seen in a while.
- e. The motion carried unanimously.

7. Policy and Bylaws:

- a. To take advantage of a few minutes before dinner arrived, the Board took up the first of the Policy and Bylaws Committee's proposed bylaw changes. Skye moved to recommend for shareholder approval the changes proposed in the packet to Bylaw 6.6. Anna seconded.
- b. After some discussion of what constitutes "written" (email counts as written) the Board voted unanimously in favor of recommending to the shareholders the following changes (note: varies slightly from what was in the packet):

Section 6.6 - Action by Consent. Any action required or permitted to be taken at a meeting of the Board or of any committee may be taken without a meeting if a written consent to the action is **signed given** by **a majority of** all directors or committee members and filed with the minutes of meetings.

8. Board Perpetuation - Strategic Conversation about Discounts:

- a. Overview: Sabine reviewed the slide presentation she's been using in the discount focus group conversations. She has been inviting specific people, drawn from random subsets of each of the discount populations, to ensure core attendance. Anyone is welcome to attend.

- b. Key take-aways from the presentation itself: Sales growth has been declining while discounts are trending higher; our discounts are much more generous than other co-ops; we need to free up more of our revenue for any one of a number of goals; how can we adjust the program without jeopardizing sales, given that shareholders spend more than non-shareholders, shareholders with discounts have a higher basket size than those without discounts, and the largest discount group (Seniors + Elders) has the highest basket size? Finally, it is theoretically possible that in a given year there could be both a discount program and dividends.
- c. Order of Magnitude: Sabine is aiming for discounts to total between 1 and 2% of sales. Tinkering at the edges won't generate change at the right order of magnitude. We would need to free up \$300 – 350K. How do we get there?
- d. Ideas that have come up thus far: Name your discount. Make a reduced discount optional for a time, or on a per-transaction basis. Reduce discounts by one percentage point. Stop stacking discounts (technically a different matter). Prioritize discounts for young families. Prioritize discounts for FFA and somehow (hard, because of the perceived stigma) encourage people (esp. Seniors/Elders on fixed incomes) to join FFA. Eliminate or adjust the working shareholder program so that the resulting discount is smaller, but the required hours are also correspondingly smaller.
- e. Working Shareholder Program: Continues to be a strong point of engagement for those who participate. We've created more opportunities for doing hours that are non-store-operations focused. Any cutbacks to these discounts should be made judiciously, given that these types of engagement are helpful to us, and meaningful for the workers.
- f. Patronage dividends: We are set up to offer one, but we haven't made enough money to do so. Eliminating the working discount altogether would free up ~\$125K, conservatively. If we issued 20% of that as a patronage dividend, it would only yield \$25K to the affected shareholders – far less than what they get now as a discount. "The smart business decision is to make the money before you give it away." (Sabine)
- g. Discounts from the Shareholder's Perspective: If a shareholder values their time at the VT minimum wage of \$10.78, by doing two hours/month, you would need to spend \$269/month to break even on your investment of time.
- h. Evaluating Strategies:
 - We should develop criteria for evaluating the impact of any change we propose: It needs to be simple, provide savings, not compromise the number of members or shoppers, and not compromise basket size. That said, it's possible we'll either lose members, or our membership growth will be impacted – maybe both.
 - If we had a "dream team budget", that included new, lower margins it could help us prioritize our options. We might aim for very little in discounts (closer to 1% of sales) in order to allow for those lower margins.
 - Q: Can we rank options, survey the shareholders, and refine our strategies accordingly?
A: Absolutely.
- i. "Where did my money go?" People will want to know what their discount was spent on – some are more tangible than others: "We bought a new cooler." "We raised wages." "Our prices are lower." "Our Co-op is stronger."
- j. Next steps: This conversation to be continued in October. Board members should be prepared to discuss how any discount change would affect them personally, and how they can move their own thinking forward. Any changes to discounts need to happen by the end of this fiscal year (June 2020).
- k. Discount Stacking: Sabine is working with managers to see if they could offer better sales prices if they knew ahead of time that we would no longer be stacking discounts on pre-orders/sales. (Note: this is separate from the decision about overall discounts.)

9. Bylaw Changes, continued:

- a. Skye moved, and Arion seconded, to propose for shareholder approval the changes to Bylaw 8.1 described in the board packet. Rationale: This is about aligning the bylaw with a long-standing policy. A wordsmithing change was suggested.
- b. The Board voted unanimously in favor of recommending to the shareholders the following changes to the Bylaw 8.1 (note: varies slightly from what was in the packet):

Section 8.1 - Designation. The officers of the Co-op shall consist of President, Vice President, Treasurer, Secretary and such other officers or assistant officers as is determined by the Board. The offices of Treasurer and Secretary may be held by the same person. Of the offices, staff directors may hold only the office of secretary. All officers shall be directors.

- c. The Policy and Bylaws Committee's suggestions for policy changes will be taken up next month.

10. Board Perpetuation: Other

- a. Board Recruitment, Preparation for October, FFT/Tabling/Co-op Café, and Board Retreat: Beth noted that these don't require discussion; these were passed over in the interest of time.

11. Committees: Reports/Q&A: This was passed over in the interest of time.

12. Meeting Outcomes: Board members shared what they would tell a shareholder about this meeting.

The meeting was adjourned at 8:28 pm.

Sarah Brennan, Board Administrator