

**Middlebury Natural Foods Cooperative  
Board of Directors Meeting  
October 22, 2014**

**Board Members Present:** R.J. Adler (7:10), Ilaria Brancoli Busdraghi (6:50), Ross Conrad, Francisca Drexel, Kate Gridley (7:07), Kevin Lehman, Jay Leshinsky, Sheila McGrory-Klyza, Tam Stewart, Louise Vojtisek.

**Board Members Absent:** Mary Gill.

**Others present:** Victoria DeWind (staff liaison), Karin Mott (staff), Glenn Lower (GM), Rich Nadworny (consultant), Reiner Winkler (staff).

**Board Monitor:** Louise.

**Call to Order:** Jay called the meeting to order at 6:30 pm.

**Member's Business:** None

**Approval of Minutes:** On a motion by Tam, seconded by Sheila, the minutes of September 24, 2014 were approved as amended with all in favor.

**Digital Strategies:** Tam introduced Rich Nadworny of Empatico as a potential consultant for technology upgrades for MNFC digital communications. Rich commented on the value of the listening and people focus of the Co-op Conversations process. Empatico's approach to this work fits well with this approach in that the new technology designs will come from the results of the study of and conversation with MNFC customers and staff. With this approach, a digital technology plan can be created with Co-op Ends and core values in mind and have meaningful connections to customers and their everyday, non-digital lives. It creates ownership of the process, the ideas and the results and precludes having big surprises later.

Empatico works collaboratively with an organization to create a plan that fits their needs rather than trying to impose certain technologies onto the organization. By designing a technology system specifically for the Co-op, it could improve MNFC's ability to not only talk to member-owners but to listen to them as well. The need to create a manageable and sustainable digital system for MNFC is central to the planning. Deciding how and who will maintain the system will be part of the design process. Using the Co-op Conversations work already done, reviewing other co-ops' technology, doing in-store observations, staff interviews, customer conversations, etc., they can design a digital communications approach for MNFC.

The Board discussed concerns about technology changes. The balance of the types of content, the frequency of contacts and engagement back from member-owners need to be considered in the design. A budget of implementing a new design as well as maintaining it was discussed. Marketing dollars may have to be used for assessing the effectiveness of the new systems. Rich said there are many cheaper choices now in new technology tools that could meet MNFC needs but until a plan is finished for bids, he could not estimate total costs. Empatico can also help implement the plan if that is wanted. Consensus was the Co-op should be ready for changes in technology but not over invest in upgrades. It is important to know people's interests and patterns and if they can be moved towards technology before choosing which upgrades to make. How Co-ops could share the investment cost in these resources was briefly discussed.

Glenn noted his interest in this helping MNFC move to electronic voting as well as creating two-way communication on the change to Patronage Dividends. The opportunity to have interactive sharing of food information and recipes was seen as a great opportunity. Glenn will research how other co-ops are working on this issue and Ross agreed to check Empatico references for the November meeting.

**GM Report:** Glenn informed the Board of the recent hiring of Tim Bellair as Deli Manager.

Glenn said that the Long Range Plan was at the printers and would be mailed to all member-owners. Follow-up Conversation meetings will be held at the Co-op unless Board members want to host them. Previous participants will receive an invitation to come again. Facebook, website, blog, phone and an in-store display will be offered for feedback opportunities.

The CDS contract was discussed. It is budgeted as a Board expenses. Ross expressed an interest in reading the contract. Jay will post it on Basecamp.

The retreat is scheduled for February 28. The Executive Committee will research a location.

**Quarterly Budget Report and EL#4 – Financial Condition:** As Glenn uses the benchmark of 3% set by Managers of National Co-op Grocers for sales growth, he reports being out of compliance with MNFC sales growth at 1.7% in the first quarter report. More recent monthly data shows a second quarter improvement to 2.35%. Glenn suspects MNFC is still being effected by Trader Joe's in Burlington and perhaps by some customer service challenges. Slow sales growth is a trend in many northeastern co-ops. With very strong debt to equity ratios, the slow growth is not a fiscal problem for MNFC but can be for newly expanded larger co-ops.

Glenn reported out of compliance on personnel costs under budget by -6.5%. This is typically under in the first quarter of the year and will come more in line with the budget as it did last year.

Glenn noted a new store policy starting November 1 in which all returns without receipts will be given on MNFC gift cards. This was implemented to prevent miss-use of the return policy and not to increase cash flow.

The Board accepted the monitoring report as on time with sufficient data with reasonable interpretation and in compliance except for sales growth in the Global Policy and #4.5 – personnel expenses.

#### **BGM Policies – Self-review:**

Overview: The board agreed they are following the policy. Jay noted it will be revised later using the CDS template

BGM #1, #2, #3: The Board agreed they are following these policies.

#### **Next Meeting – November 19:**

Ends Report

Empatico contract

**Adjournment:** The meeting was adjourned at 8:50 pm on a motion by Louise, seconded by R.J., with all in favor.

Respectfully submitted by Victoria DeWind