

**Middlebury Natural Foods Cooperative
Board of Directors Meeting
April 15, 2015**

Board Members Present: R.J. Adler, Ilaria Brancoli Busdraghi, Ross Conrad, Francisca Drexel, Kate Gridley, Kevin Lehman, Jay Leshinsky, Sheila McGrory-Klyza, Tam Stewart, Louise Vojtisek.

Board Members Absent: Mary Gill.

Others present: Victoria DeWind (staff liaison), Glenn Lower (GM), Rich Nadworny (consultant).

Board Monitor: Louise.

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

Member's Business: Louise reported a comment made to her about being able to get lunch cheaper at MNFC than at Hannaford. Ross commented on companies that have continuous energy improvement teams that work to always improve efficiency in their businesses. Kate commented on a conversation she had with a customer at the store register about the Patronage Dividend pamphlet. She pointed out the need to engage and encourage people to vote.

Approval of Minutes: On a motion by Ilaria, seconded by Sheila, the minutes of March 25, 2015 were approved as amended with all in favor and Francisca abstaining.

Empatico Report: Rich Nadworny presented the Executive Summary of his research for designing new digital communications for the Co-op. The last three months were spent talking to approximately 20 people from the different demographics of older people (over 60 years old), families (age 30-40 with 2-3 children) and millennials (in their 20's post college) and staff.

The similarities between these four groups are that they all go on-line in one way or another to different degrees, they all shopped at Greg's as well as the Co-op and they are not big readers of the newsletter. They enjoy looking at pictures rather than reading text. Rich said he found they diverged after these points in that older people are committed to the Co-op and buying local, tend to have routine shopping habits and see it as a social experience. Families are committed to healthy eating but feel too busy to be organized about planning, shopping for and preparing meals. They find shopping with children stressful. The millennials are committed to eating well and local food but do not feel the Co-op is as welcoming to them and use it for special purchases, not every day ones. Staff tends to use technology less than the customers and feel new initiatives make for more work and giving good customer service more challenging. Rich said he found that the concept of cooperatives did not resonate with the people he interviewed and it had little importance to them. Their interests are more in organic and local food.

While the primary goal of the digital upgrade effort is to create a website that meets shopper's needs and gets them in the door, consideration is also given to using technology to enhance the shopping experience and opportunities. In light of these goals and his findings, Rich had seven recommendations for MNFC. First and foremost is investing in more and better customer service as the foundation of a good business. He recommended the Zingerman training for staff to improve the customer experience and develop customer loyalty. 2) Develop specific content to

help families plan and shop for quick, easy meals to increase customer appreciation and sales. 3) Write content to different groups designed just for them through blogs, social tools and local media – create “personalities” 4) Use more visuals on the website and in communications – rich, appealing pictures of products and people online and in the store. 5) Move the newsletter to on-line only in a shorter, more visual format and include links to other online content. There should be pictures of food, people and the community on other social media. He recommends having someone who acts as a Co-op “story teller” to reach out to the community through different media 6) Turn negative wait times in the store into positive experiences using technology. 7) Better promotion of in-store demos by posting schedules well in advance.

(Kate left the meeting at 7:20)

Rich said the Co-op will need to have new digital tools as well as make management decisions to implement any recommendations it wants to pursue. Internal costs of maintaining and providing continuity in digital formats will be more of a consideration than set up costs. Ways to measure and evaluate the effectiveness of digital initiatives will have to be implemented. Rich offered his services as an advisor to support whoever implements whatever steps the Co-op chooses.

The Board discussed the need for balance in creating a vision from these new ideas, meeting different needs of different people, keeping the Co-op strong in the face of increasing competition and reaching out and including more of the community as the Co-op grows. The Communications Committee will draft a policy or EL from which management can plan changes. A budget for digital changes which may include creating a content manager position is needed.

GM Report: Glenn discussed “get out the vote” planning. He asked the Board to sign up in pairs to man a store and/or event table. The May newsletter will go out on April 29th. His primary focus is to increase voter participation, especially through personal contacts.

There has been a very small increase in sales recently but can’t tell if it is from Greg’s closing or other factors such as good weather. Management is looking at how to attract and keep Greg’s customers.

Glenn reported on his attendance at the National Co-operative Grocers conference. The consensus there was that increased large-chain competition with co-ops is the new normal. Study groups are being formed to learn more about the competition and Glenn will serve on the one for Hannaford.

EL3 – Business Planning and Financial Budgeting: In the past EL3 has had the Business Plan as the supporting document. The Board consensus was that they should be considered separately so they can have time to discuss the Plan.

Glenn said that for 3.1 the budget was based on last year with standard projections. Large new expenditures are a new produce case and the digital upgrade. For 3.2, the expenditures have not exceeded revenue and no line of credit has been used. The current ratio is strong, tax payments have been made on time and the audit was clean. He has budgeted for Board expenses called for in 3.3. Under 3.4 he says a 2% net profit gives the Co-op good resources for future needs. There is one loan with People’s United and all payments have been made on schedule. The change in liability is a moment in time, not a trend.

The Board accepted the EL report as on time with reasonable interpretation of sufficient date and is in compliance.

The Business Plan will be discussed at the next meeting. The challenge of the budget is keeping balance in how resources are used. Strategy is needed for how to use them on the big issues of price image, staff compensation, improving customer service and education and keeping money in reserve.

Next Meeting – May 27:

2015-16 Business Plan

Executive Committee – GP revisions

Communications Committee – Digital upgrade policy

Adjournment: The meeting was adjourned at 8:40pm on a motion by Tam, seconded by Louise, with all in favor.

Respectfully submitted by Victoria DeWind