

**HARVEST BOARD OF DIRECTORS  
PUBLIC MINUTES  
9 JULY 2012**

Attending: Matt Auerbach, Annette Ghelfi, Wendy Holding, Andrew Kessel, Christina Lively, Rebecca Nemecek, Diane Simpson (Board administrator), Mike St. Clair (general manager, via telephone).

Absent, excused: Stephanie Golas, Christian West, and Scotland Willis.

Guests: Eva Amanda Agudelo, (potential Board member) and Don Kreis (invited speaker from Hanover Food-Co-op.)

Meeting minutes taken by Diane Simpson and Wendy Holding

Meeting commenced at 7:00 p.m.

**Agenda Review**

The Board reviewed the agenda for the public session and made one facilitator change. The Board approved the consent agenda by consensus.

**Workplan Review**

The Board took a look at the workplan and added two action items:

**ACTION ITEM** Christina: Convene a meeting to decide the role of current Mission Statement.

**ACTION ITEM** Annette and Diane: Convene a meeting to finish Document Review.

**Member Comment**

No members were present and therefore there was no member comment. Consequently, Don Kreis, treasurer of the Board of Hanover Co-op and CFNE (Cooperative fund of New England) board member, was asked to speak.

Here is a summary of Don's advice to the Board:

1) At Hanover, the GM can make capital decisions without Board approval as long as they are <4% of sales. (Remember, Hanover Co-Op does about \$75 million annually in sales, so 4% of that means the GM can make decisions up to \$3 million). Anything over that requires Board approval AND member vote. We might look at our bylaws to incorporate something about a threshold that would trigger a vote.

2) Interestingly, Don also said, "Don't subject major capex [Capital Expenditure] decisions to member voting." At first glance, this may seem to contradict with what he said above, but the point is, have some structure in place around major capex decisions.

3) Human nature tends to want to build empires, and it's natural for general managers to want to expand. He said that sometimes major changes come with opportunity costs, so the answer "no" can at times be the better decision for the Co-op. (He gave as an example of when Hanover opened a new store and the other stores suffered). If you do open a store in a new area, do market studies first and then go out and sign up new members.

- 4) “Don’t be a black-box co-op.” Keep real estate negotiations confidential, but be disciplined about executive sessions. Only hold them when you absolutely need to. Hanover rarely holds them. Don felt our entire meeting could have been in the public session except for the part about employees when we move to the new space.
- 5) At Hanover, one time a year, the GM puts together an extensive Ends report to summarize what the Co-Op has done that year to meet the Ends goals. It's aspirational in nature but ties the Board and GM closely to the Ends.
- 6) The Board looks at financials Quarterly - anything shorter than that doesn't tell you much.
- 7) When their auditors come in for the annual review, have them meet with the Board to discuss the results.
- 8) Be decisive when making unpopular decisions. If you have to shut down an underperforming store or department, just do it and do not let the general manager go around apologizing for the Board’s action. You're there to make tough decisions.
- 9) Develop a really good Ends statement about how you want the earth to be different as a result of the co-op. Tie capital projects to your Ends statement. Think about amassing capital before you need it. Three recommended ways:
  - Preferred shares
  - Member loans
  - Borrow from CFNE
- 10) Read “Three Strategic Concepts for the Guidance of Co-ops” by Brett Fairbairn.
- 11) Don't be doing everything in committees. John Carver (who wrote the book on Policy Governance) is not into committees. Find ways of working together as a Board.

**ACTION ITEM** Christina: Find “Three Strategic Concepts for the Guidance of Co-ops” by Brett Fairbairn for next month’s Board education.

### **Election Committee Update**

- Two candidates are interested in running for the Board
- One might need to participate by videoconference

The Board administrator noted that she had heard that Skype was very easy to hack into.

**ACTION ITEM** Stephanie: Check out security issues with using Skype to see if we could use it for private sessions of Board meetings for those calling in.

### **Retail Strategies Communication Committee update**

- Questionnaire created October-December 2011
- Questionnaire closed in April
- 473 respondents

The Board discussed how to publish the information and how to respond to the issues raised. The Board decided to discuss the report on the questionnaire in August.

**ACTION ITEM** Christina: Find a meeting space and schedule August meeting with Board & members.

**ACTION ITEM** Rebecca: Finish report on questionnaire and fix typos.

### **MSCC Update**

--Board's response to June member meeting was discussed.

**ACTION ITEM** Andrew: Send a copy of his member communication to Mike.

**ACTION ITEM** Andrew: Collect member emails on location change together and send out one response.

**ACTION ITEM** Board: Send edits on aforementioned communication to Andrew.

Question: Can there be a timeline for the leases available for directors?

**ACTION ITEM** Annette: Create lease timeline to put in Board Manual.

The Board also discussed International Year of the Co-op, the questionnaire, the Co-op Faire (low attendance noted); the Member newsletter, and the CCMA (Consumer Co-op Conference of America) annual meeting, which one of the directors had attended.

### **GM Report**

- Member Services did a survey to see what members want in the smaller space
- Sales results will give the store additional feedback

The Board discussed potential plans for the empty front hallway. However, permitting issues prevent its usage.

### **Year of the Co-op**

The Board discussed several ideas for events to celebrate the International Year of the Co-op. The consensus was "less is more."

Ideas:

- Have an event leading up to the grand opening of the new store in Jamaica Plain.
- Mike posts a new, easy-to-read floor plan on the website

**ACTION ITEM** Rebecca: Send out letter to the RSC (Retail Strategies Communication) respondents who said they want to help with member outreach.

### Board Monitoring Report

This month's monitoring report focused on Board officers, specifically, how the president, vice-president, treasurer and secretary serve the board. The Board discussed the areas of the monitoring report that received a score of 3 or below. Most answers were in the "4-5" range, indicating the Board is satisfied with their performance. The exceptions were in these areas:

- The president ensures the Board acts consistently with Board policies
- The president plans for leadership (officer) perpetuation.
- The treasurer will facilitate the Board's understanding of the financial situation of the co-op.
- The secretary will make sure the Board's documents are accurate, up to date, and appropriately maintained and shall make them available for inspection by members

In July, the Board monitored the performance of its officers, specifically how the president, vice-president, treasurer and secretary serve the board. Each Board member answered a survey allowing us to monitor compliance with the policies in our policy register. The Board discussed how we will continue to improve our performance to ensure compliance with all policies.

Members of the board discussed specific policies to ensure we are in compliance.

\* The president ensures the Board acts consistently with Board policies.

The president confirmed that she consults the bylaws and policy register to ensure that the Board follows these policies. The president also consults with a consultant when a policy is uncertain. The Board felt this explanation sufficiently demonstrated that the president is in compliance with this.

\* The president plans for leadership (officer) perpetuation.

The president has planned for officer perpetuation for 2013, actively reaching out to the board via email and following up with specific people to secure a new president of the board for 2013.

\* The treasurer will facilitate the Board's understanding of the financial situation of the co-op.

The Treasurer was conceded about whether we are reviewing financials frequently enough. The Board confirmed that we should be reviewing financial statements quarterly, and that the Treasurer does not need to review financials more frequently than that.

\* The secretary will make sure the Board's documents are accurate, up to date, and appropriately maintained and shall make them available for inspection by members.

The Board mentioned that the secretary still needs to update some documents to reflect our move to policy governance. The secretary and board administrator agreed to meet to do this.

The Board decided it would monitor these policies again a year from now.

**ACTION ITEM** Wendy: auditors to send annual audit reports to the Board.

**ACTION ITEM** Diane: Put the decision flowchart in the packet template.

**Motion: Accept the report with discussions of how to continue to improve performance on some areas.** The motion was moved and seconded. Accepted 6-0-0.

### Board Education

The Board discussed the educational materials.

- Key learning: Harvest was over-using Executive Session so they have changed that.
- Idea: Try doing dinner together beforehand to socialize and discuss ideas.
- Don Kreis recommended Michael Schuman's books:
  - "Local Dollars, Local Sense"
  - "Going Local"
  - "The Small-Mart Revolution"

Key learning: Have meetings in which the Board and members could listen to great thinkers of the day and discuss their ideas.

**ACTION ITEM** Christina: Send email to Board and see if everyone can make it at 6:30 going forward.

### **Minutes approval**

There were a couple of small changes/clarifications to the minutes.

**Motion: Approve June public minutes as amended.** The motion was moved and seconded. Approved 6-0-0.

**Motion: Close public session.** The motion was moved and seconded. Approved 6-0-0.

The public session closed at 8:45 p.m.

### **Action Item Summary**

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