

# **HARVEST BOARD OF DIRECTORS**

## **MEETING MINUTES—APRIL 3**

### **MEMBER SESSION**

Attending: Wynston Estis, Interim General Manager (IGM); Marc Cutler, Operations Manager; Diane Simpson, Board Administrator; Directors Meghan Strauchon, Lydia Peabody, Eli Feghali, Kashif ul-Huda, Marlene Archer, Wayne Clark, Gordon Williams, and Dwayne Desaulniers and Ellen Dickenson via telephone. Seven members were present.

#### **Meeting Ground Rules & Purpose**

The meeting ground rule and purpose were quickly reviewed for all present.

#### **Go-Round and Introductions**

Everyone introduced themselves to one another.

#### **Vote Key**

Votes are recorded in this order: For, Against, Abstaining

Minutes taken by Diane Simpson.

The meeting began at 6:36 p.m.

#### **Agenda Review**

During the agenda review the GM Monitoring report was moved up to the beginning of the meeting. There was a motion to add changing the global ends but it was not seconded. More reporting from balance sheet was requested.

#### **Minutes**

Action Items and Minutes were reviewed. No changes were requested.

**Motion: Approve the March Member minutes.** The motion was moved and seconded.  
Approved 7-0-2.

#### **GM Monitoring**

Wynston presented her update on the stores. It was a very busy month, topped off by the center store reset at Arboretum. Prior to that, she had worked for a week with food and produce specialists from National Co-op Grocer (NCG). Wynston said the “perimeter departments” are the most important. The Arboretum store is losing money more aggressively than the Cambridge store. Wynston has never had to apply for funding or loans before and she reported that it is a huge amount of work. Also, she said that working with specialists requires you to stop whatever else you’re doing and work with them to give them the support they need so they can do the job you need them to do. This takes away from her ability to get her own work done but is a necessary step in improving the stores.

She presented the following new action steps:

#### **Improve Staff productivity-** Improve productivity from current staff

- Review department practices and documentation
- Train staff to meet expectations
- Communicate daily across departments so all understand the needs of the store
- Supervisory staff are supported in their responsibility to give staff direction

#### **Improve systems-** Develop and implement systems to refine operations

- Hire for the role of Prepared Foods Manager at Arboretum to improve customer service and oversee consistent production of services
- Plan product promotions, demos and events with Promotions team
- Install in aisle scanners to eliminate price gun requirement per MA state law

- Simplify promotion signage, use NCG printed signs for Co-op Deals and Basics programs
- Train POS data entry staff

There is a capacity issue at the stores. Wynston planned a community celebration to get people to come in and look at the revamped stores. Sales growth is currently -7 or 8 %. Wynston is still working on the reset and launching new member programs. Harvest needs more owners in order to strengthen the stores.

In response to a question about her knowledge base, Wynston explained her extensive background and experience. She has worked for co-ops since the early 90's. She worked for 23 years in many different roles in Madison, Wisconsin at a store with 4,000 members and only 5 parking spots. At the end of her tenure they had two stores and \$42 million in sales. She has seen co-ops through all different phases of growth. Wynston also explained "The Big Dig" program, which brings deeper discounts exclusively to members. There was a question as to why the store was located in this particular spot, right down the street from the projects, and why weren't people in those developments shopping at Harvest. Wynston arrived well after the store location decision was made. A member suggested that Harvest should be more similar to *The Daily Table*, a nonprofit grocery store in Dorchester that sells very low-cost food close to its expiration date.

In response to a question regarding who Harvest is competing against, Wynston pointed out that the mission of the co-op is to sell natural and organic food. She noted the difficulty of competing with the other natural foods stores in this area. Harvest's goals are also to pay staff well and to provide good benefits and all this adds significant costs to the store. Wynston said we cannot sell a salad for \$1.79 (like *The Daily Table*) and support the cost structure. Someone asked if the store was helping people and suggested that if it were, people will shop at it. There was a suggestion for a meeting longer than two hours in order to allow for member participation.

Wayne Clark left the meeting at 7:16 p.m.

One member, from the Co-op Fund of New England, pointed out that the co-op has to figure out how to sustain itself before it can bring in low-income people. A member said that when the South Street store moved it lost the community feel that it had. Wynston said there is no magic bullet here and that there is a lot more happening than what was in the report such as:

- Product quality
- Staff quality
- People knowing what they're doing

She also mentioned that she was able to save the co-op money on insurance. A member commented that she would value taking some time to understand the things Wynston is doing to improve the stores and asked how she could contribute to Harvest. Wynston explained the Member Engagement Committee and Eli talked about the Member Forum on April 18, saying there would be a substantial amount of time to ask questions and time to figure out solutions and the vision for the business.

A member said he had asked a question last year about why the co-op was losing money and the Board said it didn't know. The Finance Committee chair responded by saying his statement was inaccurate, because until a year ago the Board was not asking the right questions of management. Over the past year they started asking tougher questions and working on being much more transparent. She pointed out that the Board had moved financials up into the member section of the meeting and also developed a financial report that did not take a professional to interpret. She noted that the Board is working on getting members involved but it is a slow process.

There was some disagreement between the members and the Board as to whether getting members involved needed to be a slow process. A director said having the right data is important and if you lack the right data you have to make a change in management. He noted that the Board did not just sit back and accept inadequate reports—this Board made a change in management.

**Motion: Approve the GM monitoring report, Ends, (#5, employees); Policies B.1, B.2, B.3, B.5** The motion was moved and seconded. Approved 7-0-1.

### **GM Search**

Lydia reported on the GM search, saying advertising had begun last week and 30 applications had been received, many from irrelevant industries. She noted that only four or five candidates with significant relevant experience and demonstrated interest in Harvest have applied so far. In-person interviews will soon be scheduled; some questions will be performance-based. Candidates must know that they will be working for a co-op that needs a big turnaround. Lydia is handling the HR aspects of interview setup and Wynston will participate in the search.

### **Finance Committee**

Ellen reported for the Finance committee. She observed that her committee had to clean up and verify the data to make sure it is correct. She also noted that the member forums would be quarterly. In response to a question about why the data is not simply posted on the website, she said she wants to make sure the data is not shared out of context and that it is very important to know what the numbers mean. Consequently the data will be available at the store, not online. A member requested that all information about the co-op be available on Google docs with a password. Eli offered to create a space to make this happen. He said it needs a plan and a Ellen said the downside to making everything available is that the context is not available.

In response to a question about whether Wynston is still getting financial information from Europe, Lydia explained that the company Harvest works with has ten years of our financial data and we cannot immediately switch to another company. Wynston said she has gotten our CPAs involved so that we can get better reporting until we have time to change systems. She noted that changing your accounting system is a major big deal.

### **Member Engagement Committee**

Eli reported for the Member Engagement Committee, which has two major initiatives:

- 1) Getting a solid committee charter (next month's agenda)
- 2) The Member Forum

Now they are planning the Forum, seeking an external facilitator, and creating a detailed agenda and meeting plan. He requested social media help and some personal outreach help in promoting the event. The purpose is to communicate the current state of the co-op and share what is currently happening; energize membership; give members for concrete avenues for participation. In response to a question about how many members were consulted before sending out the email, Eli responded that currently there are no channels to have members editing the co-op emails. A member said the the wording of the email was not written in an effective way. In response a director said the way the member would have written the email would have resulted in a large and unproductive panic.

The Board Development committee item was tabled.

### **Equity Refunds**

Wynston requested Board approval for equity refunds. Most are due to owner relocation. There was a question about when equity refund are given, to which Marc said "quarterly." In response to a question about whether the members know their equity membership money is at risk, Wynston checked the membership application and a member explained in general terms the risk of equity money. There are 3, 606 active members. There was a question about how many inactive members there are and whether the e-mail list has only active members. (It does.) The email recently sent (3800 people) included members who had been inactive for a year.

**Motion: Approve the quarterly equity refunds.** The motion was moved and seconded. Approved 8-0-0.

### **Board Administrator Retirement**

Diane to work with Dwayne and Meghan on hiring new Board administrator. The office manual needs to be updated. Dwayne is aware that this is on his plate. Wynston has worked with Boards that have had the Board Administrator under Operations and Boards that have had the Board Administrator under the Board of Directors. The Board discussed whether the job is a contractor position or an employee position. The general consensus was that it is an employee position.

**ACTION ITEM** Diane to get together with Dwayne and review job description & office manual.

### **Board Monitoring**

Gordon did participate but his answers were not recorded.

**ACTION ITEM** Diane to get Gordon's answers and put them into the Board monitoring survey and then add it to the final version of the packet.

**Motion: Approve the Board monitoring report, C3: *Agenda Planning*.** The motion was moved and seconded. Approved 8-0-0.

**Motion: Close the Member meeting.** The motion was moved and seconded. Approved 6-2-0

The Member meeting closed at 8:32 p.m.

### **Addendum**

Two electronic votes were held after the April Board meeting. One was to accept the resignation of director Wayne Clark. The other was to accept the resignation of director Marlene Archer. Neither resigning director voted on their own resignation. Consequently, there were eight votes on the first motion and seven on the second.

**Motion: Accept board director R. Wayne Clark's resignation from the Board.** The motion was moved and seconded. Approved 6-1-1.

**Motion: Accept board director Marlene Archer's resignation from the Board.** The motion was moved and seconded. Approved 7-0-0.