**Los Alamos Co-op Board Meeting**

**Wednesday, 23 September 2020**

**Via ZOOM**

**Welcome, and Introductions.**  Call to order   6:00

Board members in attendance: Joshua Faulconer (president), Dave Hampton (vice-president), Steve Snapp (treasurer), Robi Mulford (Secretary), Holly Aiken, Laila Badran, Jeff Jansen, Dominic Crandall, staff liaison

Also participating: Jim Fischer, General Manager, Jack Majure Barkley, business manager,

Amy Lucker, Grocery Manager, Tracy McFarland, Member-owner. Carolee Coulter, Columinate consultant and speaker

**Agenda item 1**.  **Welcome and Introductions**

Amy Lucker the Grocery Manager is introduced.

Carolee Counter from Columinate is introduced. Carolee has been invaluable to the bord of directors in the past, helping the board replace general managers during the period when serial replacement of several general managers was required. She handled the employee review in 2014.

**Agenda item 2**.  **Agenda Review and Check-ins**

The agenda is approved as presented by all board members present.

Approved 6:0

**Agenda item 3. Open Member-/ Owner time and comments**

Tracy thanks Carolee for her help in the past.

**Agenda item 4.  Staff Survey**

Carolee presents the results of the 2020 Employee Survey. The survey is intended to provide non-anecdotal data regarding staff opinions, attitudes, and beliefs. It provides the board and the store management with a summary of the strengths and weaknesses of current operations, and provides concrete data with which to measure compliance with X-2, Staff Treatment.

The staff survey is performed using an online, custom program, and surveys all of the employees who are past their 90-day probationary period. 25 of the 26 eligible personnel completed the survey. Follow-up interviews were held with 8 randomly selected employees.

Answers to each question are scored from 1 (strongly disagree) to 5 (strongly agree) and the scores are averaged to provide a summary score describing the attitude of the staff on a particular topic. The standard deviation provides a measure of the unanimity of the staff on each question. 4.0 is a high score, and anything below 3.0 is low enough to be considered an area of concern. A score of 3.5 or above indicates an adequate level of satisfaction. A standard deviation above 1.10 indicates conflicting views among the staff, and a standard deviation below 0.8 indicates agreement among staff. These values have been determined empirically over many years of administering employee surveys.

Of the 60 questions in the survey, our Coop employees indicated 4.0 on 27 of them, and 34 questions had a score between 3.5 and 3.99. There were 7 questions scored below 3.5 and 2 questions with very low scores. The standard deviation was high on 5 questions, and 31 questions had a deviation of 0.8 or less, including questions regarding safety.

The high scores were in the area of the work environment, fairness, and equality, and the very low scores were recorded in the area of how pay raises are determined. The standard deviation of 1.22 on the issue of pay raises indicates a wide range of views on the question.

Comparison to other Coops is possible. Our Coop had 10 questions falling in the upper quartile of all Coops surveyed. These 10 questions concerned the Coop mission and the sense of meaning and purpose felt by employees. We had 12 questions on which we scored in the lowest quartile. These questions concerned pay increases, policy, and the employee handbook. Scores on the other questions fall near the median.

The Engagement index is a subset of 15 questions selected by Colluminate to measure employee sentiments. The average score for 248 other Coops was 3.86, and our score was 3.92. Our employee engagement is very good, which speaks well of the store and the employees.

Comparing this survey to the survey taken in 2018, 8 of the 10 topics have increased in score. The topic of Compensation has decreased in score, and scores on Job Satisfaction has decreased to a degree that tis not statistically significant.

In evaluating changes, it is important to remember that surveys measure perceptions, rather than facts.

Themes and scores

Pride in work very high scores

Equitable treatment high scores and a big improvement

Accountability for Performance rather low scores, falling in the lowest percentile

 Comments:

 What does it take to get a raise?

 Unclear criteria for performance

 No raise formula

 Managers do not appear to be held accountable

Pay equity low scores and many comments

Pay equity is lacking.

 Poor uniformity across the store

 Pay is good relative to other employers in town

 “The pay rate for my position is fair relative to other positions at the Coop”

 Pay compression is occurring, where new hires can make more than experienced workers.

Our Coop falls below the threshold of compliance for Pay Equity

Coop operations are Efficient and well-run score of 3.46 calls for improvement

 Communications, meetings, and pricing errors contribute to this score

Avenue for Redress

There are many nice comments regarding management.

 **Agenda item 5.  X-2 Staff Treatment**

Our Coop is non-compliant with X-2.

Three questions have scores falling below the threshold for compliance.

The non-compliant questions concern

 - Whether corrective actions are fair and consistent- “those guys are just slacking off” is a

 comment that summarizes the perception that consequences for

 - Pay increases is a topic on which people feel the Coop is not acting fairly

 - The Board policy regarding Treatment of Staff is not familiar to employees

Board policies

 When Coops began using policy governance, the template was the book “Words Make a Difference,” by John Carver. One aspect of policy governance is the staff surveys, which normalize and define staff opinions, and convert them to useful data. The book contained a number of policies, many of which have proven to be extraneous to successful Coop operations, and as policy governance has developed, the “treatment of staff” policy is more frequently omitted. This topic may have a low importance to describing proper Coop operations.

Recommendations to Management

Carolee will send slide deck with report soon

**X-3 Staff Treatment. Jim reports on X-3.**

Jim reports compliance with X-3 on all points except Board Policy.

Jim reports non-compliance on pay policies, but he has been working on this aspect of operations for some time, and will continue to develop a better store-wide pay scale and better practises.

X-3 approved 7:0.

**Agenda item 6.  Staff Auxiliary Board Reporting**

Dom Crandall reports that morale is high at the store. The store has ordered materials for upgrading the store. One employee has quit, for reasons that do not concern work r the store. Managers meetings have resumed, and are going very well and proving productive.

The store has a better flow every day.

**Agenda item 7.  GM Reporting**

New products form Mata G have produced a 3% to 5% increase in revenue. Mata G is considered a contractor within the Deli, much like our sushi from Santa Fe. Therefore, in-house Deli sales are down but total Deli sales are up.

How is Chris feeling? Chris will have to “step up to the mark” and is rising to the challenge. He is altering the focus of the deli to include other products such as baked goods.

The POS system upgrade is now projected to be complete on October 26, after some conflict with the provider. Jim and Jack are meeting weekly with the POS provider.

There are new people, including an additions person in facilities, who is working hard.

2019 Taxes are not finished. This is delaying certification by NCG.

The perception of unfairness in wages is being addressed. Jim has developed a system, and now readjustment of salaries needs to occur. This will be done via raises for long-term employees when the January raises occur.

The Board congratulates Jim with developing a dedicated staff that has given the store a great review.

**Agenda item 8.  Business Manager Reporting**

We have received the first set of financial reports from our outsourced financial service, FMS Solutions.

Further analysis of financials through April 30, 2019 reveal new information.

We had thought that our expenses were higher in 2020 than in 2019, accounting for low profits. However, on analysis, expenses are consistent between 2019 and 2020.

What is causing the loss of profits?

It appears the inventory makes a drastic increase from March 2019 to April 2019. The reason for this is that the inventory was entered at retail in April 2019, rather than at cost. This reduces Cost of Goods Sold (COGS). Wegner consulting will adjust this error and then prepare our 2019 taxes for us.

Once the COGS is normalized and the value of inventory is corrected, the store’s 2019 profit will decrease from 100K to something near zero, possibly negative. This explains why the reported profit of 100K was not reflected in the bank account for 2019.

We will have new 2019 financials and new 2020 financials.

Further discussion is scheduled for the October board meeting, at which time we will have the numbers in hand. At that time, we can discuss repayment of Member-Owner loans, with a clear understanding of our financial position and resources.

Financials for August from FMS Solutions

The new financial reports contain more information than we have seen previously. Outsourcing financial duties is saving the store quite a bit of time. Preparing payroll has gone from 2-3 days to 1 hour. Checking for accuracy now falls on the contractor, rather than on the store.

**Agenda item 9.  Review Minutes of August 26 Annual Meeting**

Minutes from the Annual meeting are approved as presented

Approved 7:0

**Agenda item 10.  X-3 Financial Conditions for Q2**

The financials are not ready to be reviewed and approved. This business is postponed to the October meeting.

**Agenda item 11.  X-7 Executive Succession**

Jim presents X-7, the succession plan. Amy Lucker and Jack Majure Barklay are named as successors, in case of emergency.

**Agenda item 12.  Board Office Elections**

Laila wants to remain on the board despite not having run. She is appointed for the next year.

Steve Snapp is retained as treasurer 7:0

Joshua is retained as board president 6:0 (Joshua abstains)

Dave Hampton is retained as vice president. 7:0

Robi Mulford is retained as secretary 7:0

**Agenda item 13.  Board Retreat**

Todd can conduct the annual Board retreat on Zoom. It will not be a full day.

We could meet, and Todd could participate via Zoom, or we could postpone the retreat.

What is the function of the retreat. Steve sees no value in the retreat, as we have no new board members, or few, who need to learn, or participate in team-building exercises.

In general, the retreat addresses a theme every year. The obvious theme for this year is facing stiff competition.

We plan for October 21st (or the 7th, if necessary) and will see if Todd can attend on those days. Joshua and Dave will organize the retreat with Todd.

**Agenda item 14.  Closing and other business**

The next board meeting is on October 28th.

**Executive Session**

Jim needs his annual review and salary adjustment. We are in agreement that Jim has done very well with HR, obtaining a new POS system, addressing store practises required by the Covid pandemic, and obtaining the available loans to bolster our bank balance heading into competition with Natural Grocers.

We will ask him to improve the compensation structure and to improve communication with this managers and staff, both of which he is already actively addressing.

Holly feels he is bringing his experience from other Coops to revitalize the Coop mission back.

Jim’s salary is governed by a rule that when the store EBITA exceeds a particular value, the GM should receive a bonus of $1500. He should also receive a raise tracking inflation. Jim’s salary is 60K, defined by his probationary period. For comparison, Tim’s was 70K, and Tim insisted on a reduction when he took the job.

Joshua will prepare a paragraph for Jim’s evaluation, and we will raise his salary.