

Report on the October 4, 2023 Co-op Special Members Meeting

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I - Overview

A Special Members Meeting of the Mariposa Food Co-op was held on October 4th 2023, pursuant to a petition signed by over 80 members. Friends of our Co-op, a diverse group of members, gathered the signatures, planned the meeting, coordinated follow-ups and produced this report.

Approximately 44 members attended, including 7 board members, and the Co-op CEO. It was chaired by a volunteer experienced facilitator who is a Co-op member. The Board of Delegates had made a decision to allow former and prospective members, however most of the attendees were current members.

Input was solicited from the audience during an at-large initial session, during breakout sessions, and at the conclusion. The breakout sessions covered five concern areas. Participants in breakout sessions were asked to list high-priority problems in each area and suggest solutions. Notes taken at the meeting were transcribed and are available to members. Please see Appendix A for details.

This report is intended to abstract the main currents of the meeting and propose actions that the Board, Management and Members can pursue to improve shopper/member/employee satisfaction, improve the Co-op's financial health, and instill renewed flexibility, creativity and commitment. Some proposed actions will be significantly more difficult or impossible without wholehearted Board and Management cooperation and/or participation, which we are hereby requesting.

If the Co-op's issues had been minor, infrequent and quickly resolved, there would not have been wide support for our petition and meeting attendance would have been minimal. However, taken together, the issues presented and the members' concerns expressed present a serious and unfortunate picture of financial risk, deterioration of shopping experience and erosion of satisfaction and confidence for members and employees. These issues must be reversed. Fundamental changes are necessary, along with improvements to existing policies and systems. There will need to be compromises, but the bedrock necessities for a stable and financially healthy Co-op cannot be compromised. These include a motivated and committed workforce and a membership committed to collective success and individual patronage.

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We ask that the Board and the Co-op Staff work side by side with the Membership to help change the course of the Co-op. Specifically, we ask that you consider working with us to do the research and implement the actions recommended below.

We ask that members consider helping to rebuild the cooperative institution of member participation and control by volunteering to work on one or more projects below and others that may follow.

II - Summary of issues: a non-inclusive summary of issues raised at the Special Members Meeting

Workforce – It was reported that morale is impaired because some employees feel bullied, disrespected, over-controlled and under-appreciated by management. There are problems with management and board responsiveness and transparency, as well as facility maintenance, safety and training. There were also reports of interpersonal issues among the staff. Turn-over has been high and the Co-op is functioning with significantly fewer workers than before, and with volunteer floor work eliminated.

Finance – A critical loss was sustained in 3Q22, 4Q22 and 1Q23. The report for 2Q23 shows a minimal loss; more quarterly results are needed to establish confidence. Members need to have deeper knowledge of the financial picture and access to reports including but not limited to those previously made public (report binder). There are questions about the amount spent on consultants and lawyers, and whether it is reasonable.

Membership - Members report being unhappy with current member experience. There were concerns that the Co-op has evolved to have a corporate feel that distances members: “It doesn’t seem like a Co-op.” There are few channels for member input and participation. There is currently no working member program.

Transparency has been a pervasive theme. A lack of transparency or frankness quickly begets a lack of trust. Some communication issues may be due to budgetary time/resource limitations. Nonetheless, member observations lead to the hypothesis that a “corporate” business culture is being internalized. This culture includes communication norms and habits of silence and spin. Members report being stonewalled when asking for information despite multiple requests. Member communication often does not timely occur (e.g. unionization) or is sometimes “public relations” fluff rather than open, frank peer-to-peer communication. (The newsletter article on cost and price inflation is an exception.)

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Shopping Experience includes empty shelves and missing or incorrect shelf prices; these errors are sometimes not corrected after being pointed out. Cash register pricing is sometimes inaccurate or does not reflect a published/marked discount. Members report difficulty finding healthy ingredients at reasonable prices. Product options have become more limited and choices that would make it affordable to shop at the Co-op have become limited (e.g. bulk, fresh tofu, local produce). Customer-facing staff take brunt of decisions made elsewhere, with negative results for staff and/or customers.

Governance – The tenets of “Policy Governance” have resulted in firewalling effective communication between the Board and Management. Under the present interpretation of Policy Governance, the Board has directed themselves away from independently gathering information when issues arise and assuring (and confirming) that Management responses are acceptable or correcting when not. Much feedback to the Board occurs via policy requirement attainment reports, but the process doesn’t seem to allow sufficient time to read them carefully, ask potentially uncomfortable questions, request additional information, nor respond to non-attainment. The governing bylaws have not been updated since 2016, and it appears that there has not been an overall review of the policy register documents since its adoption. Members say that financial reports can’t be fully understood and evaluated without more detailed information. Members reported concerns that the long-term relationship with a consulting firm is leading the Co-op toward a corporate culture, i.e. where primary goals are growth and profit. With such priorities, the membership’s desired direction would be an afterthought.

General note about accuracy: During the open forum segment, it was suggested that some attendees’ statements contained inaccuracies. In this report, we have not relied on any one statement to draw conclusions and set a course of action. We favor a forward-looking approach that focuses on the big picture, and we believe the picture developed herein is not dependent on such inaccuracies. However, we would certainly consider annotating the Meeting Notes in cases where an inaccuracy is significant and satisfactory evidence is provided.

III – Recommended Actions

In this section, we present some actions that can be taken to lessen risk and improve satisfaction. Change toward the reasonable desires of members and employees will better position the Co-op to be a vital and valued part of our community into the future. By “reasonable,” we mean taking into account external realities of the Co-op’s business, realities of the shopping community’s needs and other realities that must be taken as given.

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To achieve these improvements will require open minds and hard work. Even those with serious concerns or prior bad experiences need to give the Co-op a chance to succeed. For the Board and Management, it will require changes as well, however the results we seek should make their jobs easier and more rewarding.

1. Short term recommended actions:

The recommended actions listed below are a subset of those mentioned during the breakout groups. We identified these actions as easy to implement and with potential for impact on issues raised. Some will also benefit the Co-op via members' volunteer involvement and build morale through an open dialogue between the Co-op and member-owners.

Health & Safety

- Mold: Management should confirm the situation and get external expertise if needed to determine risk and how to mitigate. Perhaps an ad-hoc group made up of knowledgeable staff and members can remedy the situation swiftly.
- Panic buttons: management needs to determine if the front-end staff/cashiers have the means to safely alert security in case of a dangerous situation. If not, make it a priority to address and remedy. This is one piece of a larger issue: the Board needs to consider a policy on risk management; the Governance Workgroup can probably help.

Membership & Communication

- Post staff pictures with first names and positions in the store and on the website. In the store, it would be helpful to also show if the staff person is currently working.
- Reconcile the membership database and communication email list: This includes validating that an email address exists and if possible confirming that it works. If the Membership Coordinator can't get to this task in the coming month, then ask for help from one or more members. This action will lay the foundation for ensuring that communication and outreach to members are reaching all members. In addition, a reminder can be placed at cash registers, perhaps with a QR code, to confirm email and sign up for the Co-op mailing list.
- Activate the FJAR committee: send a call for participation to all members with a specific deadline so that this committee can become active after the Nov 14th board meeting. Send a member communication that includes who are the members and how to reach the committee.

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- Ask for member(s) to help with the marketing and outreach tasks that used to be done by the Marketing Coordinator/Manager and that the Membership Coordinator hasn't been able to add to their duties. It could be a co-learning opportunity and growing into a committee, or at least a place for two-way communication.
- We encourage the Board's communication committee to quickly implement the proposed facility (form on the website) for members to email the Board. We suggest that the benefits of delivering now far outweigh the risks.

Board functions and board meetings

- Re-evaluate how and when GM reports are submitted to the Board: there needs to be additional time for more thorough study between the submission of the reports by the GM and the requested approval(s).
- Develop guidelines, references and templates for recording board meeting minutes and similar information for the board secretary. These would be handed from one board secretary to the next. Set procedures that will require minutes to contain more detailed information. Use electronic means to secure board delegates' approval of the minutes before the next board meeting, which would allow, in most cases, to post the minutes on the website quickly for member-owners' information i.e. at least one week before the next board meeting.
- We recognize that the Board is opening meetings for a give-and-take with members, and that time is being allowed at the beginning of meetings for member statements and questions. We encourage the Board to make this a formal part of meetings and publicize it along with how members can get items formally listed on the agenda. A standing 15-20 min of members' input could be included. This might be a first step towards the requested monthly membership meetings (town halls were mentioned). If members knew they can have a guaranteed time for sharing and dialogue at the board meetings (and annual meetings), attendance would rise and the ensuing dialogue might be helpful to all concerned.

For all the actions listed above, we request the Board to communicate with the members that action has been taken and when these are completed.

2. Additional recommended actions to be started now and completed by Q1 2024

We believe that these recommended actions will put the Co-op “back on track” away from the current “corporate” structure.

As a follow-up to the special meeting, we are connecting with members interested in the following workgroups:

- Workforce
- Financial transparency
- Membership Communications & Outreach / Engagement
- Consumer Satisfaction
- Governance

As these groups meet in the coming months, they will consider the need to become committees per the by-laws, in which case they will develop a proposed charter and will seek board approval. These workgroups have already identified some key issues to be part of their objectives and we share them here as a means for the Board to assess how board delegates can contribute.

We trust that the Board can support the efforts of these workgroups by promoting them and asking for participation via the membership communication channels (newsletter, social media, etc.)

Workforce:

- Work with Management to create an Operations Manual for all the Co-op’s operations. We heard that no such Standard Operating Procedures currently exists, thus impacting staff duties and collaboration among departments.
- Make sure all staff are aware of the organizational chart along with descriptions of the duties and responsibilities of each employee.

Financial Transparency

- Clarify who makes financial decisions, evaluate the degree of accountability and make recommendations for improvement. It is difficult to place reliance on financial statements and reports when there appear to be few audits of financial controls, proper operation of those controls. Other aspects of risk management should be considered including contingency planning, data security, safety and privacy.
- Clarify what information is needed by the Board and by Members. Determine if additional reports, such as standard financial reports (e.g. Balance Sheet, Income Statement, Budget reconciliation), are needed to properly understand the Co-op’s financial position.

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Governance

- Review the Bylaws by the next member annual meeting i.e. spring 2024.
- Look into alternatives to Columinate (if for no other reason, to obtain fresh perspectives) and assess what the Co-op needs in terms of external consulting and whether the expertise can be found among members.
- Research governance model of other member-owned & consumer Co-ops.

Additional actions - based on observations heard at the special meeting:

Labor relations

- The Board might consider maintaining a relationship with the union, albeit at arm's length. This could begin by inviting a union representative to present to the Board or by including a union rep seat (likely the shop steward) on the Board, like the staff rep seat.

Training on Board functions and related aspects

- It was suggested that there be training in the aspects of board operations for members, such as the Bylaws, Articles of Incorporation and the Policy Register. This would also help prepare people who want to run for board seats, which was encouraged at the special meeting.

End of Recommendations. Additional recommendations may follow as work proceeds.

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Friends of our Co-op welcomes questions, comments, suggestions, and offers to participate in the work described. Our email address is:

friends.of.our.coop@gmail.com

IV - Appendix A

To obtain a PDF of the Notes taken at the meeting, please request via email to friends.of.our.coop@gmail.com.