

# CONTENTS

<b>Item</b>	<b>Page</b>
AGENDA.....	2
MINUTES.....	3
MONTHLY CO-OP SHARE REDEMPTION REQUEST.....	8
<b>MONITORING</b>	
EL 5 – Employee Experience.....	9
EL 6 – Compensation and Benefits.....	14
<b>GOVERNANCE PROCESS</b>	
Ends Committee update.....	24
Bylaws Committee Charter.....	25
Election Committee Charter.....	26
GP 6 Board Process for Recruitment and Continuity.....	27
EL 1 – Planning.....	30
EL 4 – Member Shopper Experience.....	31
EL Monitoring Timeline.....	32
Governance Action Plan.....	33
APPENDIX A – GM MONTHLY UPDATE.....	35
APPENDIX B – BOARD OF DIRECTORS MEETING CALENDAR.....	50

# AGENDA

## Board of Directors Meeting

August 28, 2019

6:00 p.m., Co-op Resource Center, Meeting Room C, White River Junction

Time	Agenda Topic	Page	Board Action
6:00	Call to order		
	Consent Agenda		Approve
	July 24, 2019 Minutes	3	
	Monthly Share Redemptions	8	
	Election of Secretary		Decision
6:20	Ownership Linkage		
	Member Comments		Listen/Acknowledge
6:30	Monitoring		
	EL 5 – Employee Experience	9	Decision
	EL 6 – Compensation and Benefits	14	Decision
7:00	Governance Process		
	Ends Committee update	24	Decision
	Bylaws Committee Charter/Members	25	Decision
	Election Committee Charter/Members	26	Decision
	GP 6 – Board Process for Recruitment and Continuity	27	Decision
	EL 1 – Planning (revision)	30	Decision
	EL 4 – Member Shopper Experience (revision)	31	Decision
	EL Monitoring Timeline (proposal)	32	Decision
	Governance Action Plan Review	33	Update/Assign
7:40	Updates and Information		
	General Manager Report (App. A)	35	Information
	Action Items		Review
8:00	Meeting Evaluation		Complete form
	Adjournment		

## Draft MEETING MINUTES, July 24, 2019

**Present:** Emmanuel Ajavon, Tom Battles, Kevin Birdsey, Liz Blum, Rosemary Fifield, Victoria Fullerton, Ed Howes, Benoit Roisin, Ann Shriver Sargent and Allene Swienckowski  
Jessica Saturley-Hall participated by phone

**Absent:** Jessica Giordani

**Staff:** Ed Fox (General Manager), April Harkness (Board Administrator), Lori Hildbrand (Director of Administrative Operations), Mark Langlois (Director of Finance)

**Members:** Marta Ceroni, Anne Garrigue, Nelson Kasfir, Jim Kenyon, Don Kreis, Scott McGee, L. Carl Pederson, Richard Schramm and 2 unidentified members

Rosemary Fifield called the meeting to order at 6:00 p.m. at the Co-op Resource Center, White River Jct., VT.

Rosemary reminded the board of two upcoming Co-op events: the HCCF fundraising event with the Upper Valley Nighthawks on July 27<sup>th</sup> at 6:00 p.m. and the Producer's Fair on August 10<sup>th</sup> from 10 a.m. to 2 p.m.

### Adopt Agenda

**MOTION:** Ann Shriver Sargent moved to adopt the July 24, 2019 board meeting agenda. Tom Battles seconded the motion.

**Discussion:** A recommendation was made to allow the members present to be able to participate in the board discussion during the *Ends Development* agenda item.

**VOTED:** 10 in favor, 0 opposed, Jessica Saturley-Hall abstained. The motion passed.

### Consent Agenda: June 26, 2019, Meeting Minutes and June 2019 Share Redemption Requests

**MOTION:** Ed Howes moved to accept the June 26, 2019, Meeting Minutes and the June 2019 Share Redemption Requests. Liz Blum seconded the motion.

**VOTED:** 10 in favor, 0 opposed, Jessica Saturley-Hall abstained. The motion passed.

### Member Comments

Scott McGee said that he was attending the board meeting at the request of board member Liz Blum, and that he was there to discuss the new ends policies. He asked that the board decide if members present would be allowed to participate in the ends development discussion.

**MOTION:** Benoit Roisin moved to allow the members in attendance to participate in the ends discussion. Kevin Birdsey seconded the motion.

**VOTED:** 10 in favor, 0 opposed, Jessica Saturley-Hall abstained. The motion passed.

No member wished to speak on a topic other than ends.

## Governance Process

### Ends Development

**MOTION:** Liz Blum moved to rescind the ends adopted at the June 26, 2019, board meeting and replace them with the former ends to be followed by the establishment of a committee consisting of board members, member-owners and employees to review both sets of ends and make recommendations to the board. Benoit Roisin seconded the motion.

**Discussion:** Ed Fox asked to read a statement about the ends reminding those present that it is his responsibility to interpret them and provide structure, support, and leadership. He said that the Co-op will always be a responsible triple bottom line organization within an extremely competitive market with microscopic margins. The ends are the statement of why the Co-op exists, and he's confident that the board will continue to move forward in addressing them.

Don Kreis read a prepared statement. He described his role as a former board member and as one of the board members who worked with Co-op management to develop the old ends policies. He noted specifically that the new ends do not address some of the stakeholders, including employees, community benefit, and the agricultural sector. He acknowledged that revising and improving the old ends is a good idea.

Richard Schramm spoke as a former board member involved in framing the previous ends. While understanding that a framework which allows for more benchmarks is a good goal, he found the lack of stakeholder groups to be notable.

Marta Ceroni spoke as a member of the Waste Reduction Committee and a passionate member of the Co-op. She pointed out the lack of member and employee involvement in writing the new ends.

Nelson Kafir reiterated the previous member points and his view that the Co-op exists for the greater good of the members and community (referencing the old ends) rather than simply providing goods and services (referencing the new ends).

Several board members thanked the members present for their thoughts and wanted to share that the review of the ends was inspired by a desire to do better governance in the form of monitoring and that the edits were revisited in good faith. It was also noted that the previous ends did not have member input and that the new Member Linkage committee will be charged with soliciting member input on a variety of things, including the ends. A board member stated that all of the stakeholders mentioned in this meeting are supported and protected in other governing policies.

**VOTED:** 4 in favor (Liz Blum, Victoria Fullerton, Benoit Roisin, and Ann Shriver Sargent). 5 opposed (Tom Battles, Kevin Birdsey, Rosemary Fifield, Ed Howes, and Jessica Saturley-Hall). 2 abstained (Emmanuel Ajavon and Allene Swienckowski). The motion failed.

Jessica Saturley-Hall noted that it would be best for the board to take concrete steps to incorporate member input on the ends moving forward.

**MOTION:** Jessica Saturley-Hall moved to establish a committee including board members, member-owners, and employees to study the new ends and recommend changes to the board. The committee will work with Member Services and Outreach to involve as many member-owners as possible. Ann Shriver Sargent seconded the motion.

**VOTED:** 11 in favor. 0 opposed. The motion passed.

Benoit Roisin will chair the new ends committee with Allene, Victoria, and Jessica Saturley-Hall serving. A committee charter will be submitted for the August board meeting.

**GP 12 – Board Linkage with Ownership (new)**

**MOTION:** Kevin Birdsey moved to accept GP 12 – Board Linkage with Ownership as a new policy. Liz Blum seconded the motion.

**VOTED:** 10 in favor. 0 opposed, Jessica Saturley-Hall abstained. The motion passed.

**Monitoring****Monitoring Report EL 2 – Financial Performance**

**MOTION:** Ann Shriver Sargent moved to assess the EL 2 – Financial Performance report as demonstrating compliance. Allene Swienckowski seconded the motion.

**Discussion:** A board member asked why gas sales were off by over 33,000 gallons. Ed said he would look into it and get back to the board with an answer. A board member asked for more information on why the gross margin was below budgeted numbers. Mark Langlois went through each line item.

The board also noted the areas of non-compliance that are related to the timing of reporting. It was suggested that the policy be re-written to accommodate the timing error or that the monitoring report note that the GM is projecting compliance.

Jessica Saturley-Hall ended her participation by phone.

**VOTED:** 10 in favor. 0 opposed. The motion passed.

**Monitoring Report EL 3 – Asset Protection**

**MOTION:** Ann Shriver Sargent moved to assess the EL 3 – Asset Protection as demonstrating compliance. Ed Howes seconded the motion.

**Discussion:** The General Manager was commended on his thorough reporting. He stated that business continuity planning is an essential component in asset protection and that the board will hear a presentation on the topic at the October board meeting.

**VOTED:** 10 in favor. 0 opposed. The motion passed.

**Governance Process****GP 10 – Board Committees (Revision)**

**MOTION:** Tom Battles moved to accept the revisions to GP 10 – Board Committees with the addition of *GP 10.8 The time and location of all board committee meetings shall be made public at least 48 hours in advance of the meeting.* Liz Blum seconded the motion.

**Discussion:** The board will post a committee list on the website with contact information for the chair of each committee and meeting time and location.

**VOTED:** 10 in favor, 0 opposed. The motion passed.

**GP 11 – Board Committee Structure (new)**

**MOTION:** Tom Battles moved to accept GP 11 – Board Committee Structure as a new policy. Liz Blum seconded the motion.

**VOTED:** 10 in favor, 0 opposed. The motion passed.

## Diversity Equity and Inclusion Charter

**MOTION:** Kevin Birdsey moved to approve the Diversity Equity and Inclusion (DEI) charter. Tom Battles seconded the motion.

**VOTED:** 10 in favor, 0 opposed. The motion passed.

## Governance Action Plan Review

The board reviewed tasks on the Governance Action Plan and made the following notes:

- Tom Battles is appointed chair of the HCCF Advisory Committee with Rosemary, Ann, and Ed Fox serving.
- Rosemary will re-write the Election Committee charter.
- Ann will review EL 4 – Member/Shopper Experience for possible improvement.
- Kevin will review EL 2 – Financial Performance for possible improvement.
- Governance Committee will review EL 1 – Planning as suggested by Governance Coach.
- Ann will provide proposed language to delay acceptance of a monitoring report until the following month.
- Ann and Kevin will discuss the option of external monitoring of EL 2 – Financial Performance via a third-party financial consultant and bring a recommendation to the board.

## GM Monthly Update

Ed stated that the Co-op continues to operate ahead of budget and noted the inclusion of an inflation chart in the packet to address basket size increases. He reminded the board that the Co-op is co-hosting Vermont Governor Phil Scott, along with the Secretary of Commerce and others, next Tuesday, July 30<sup>th</sup> at LISTEN Community Services at 11:15 a.m. The meeting is open to the public. He stated that C.E. Pugh, President of NCG, will be at the September board meeting, and Arlene Silva will be presenting to the board on business continuity planning at the October board meeting.

The employee survey is closing August 10<sup>th</sup>. A draft of the member/shopper survey will be sent to the board via email. Amanda Charland and Bruce Follett are meeting with a consultant to discuss an industry market study for the Upper Valley in late summer/early fall.

Ed directed the board to his report on the Norwich Service Center in response to Ann's questions about alternative plans, should the Norwich Service Center not meet its budget goals. He said he continues to work on such a plan.

He provided the board with specific information about the Co-op's prepared foods departments and agreed that staffing has been a problem at all locations.

## EL 5 Committee Report

There was disagreement on whether or not the report in the board packet represented input from all members of the EL 5 committee. No further action will be taken on recommendations included in the report without committee agreement.

### **Bylaws Committee Report**

Rosemary asked for more board members to participate in this committee. Board members are to contact Rosemary if interested.

### **Adjournment**

Motion to adjourn at 9:05 p.m.

Respectfully submitted,

April Harkness

Board Administrator

Victoria Fullerton

Acting Board Secretary

**SHARE REDEMPTION REQUESTS****August, 2019**

For the period ending August 19<sup>th</sup>, 2019, 45 members have requested redemption of shares. This includes 1,488 A shares and 66 B shares held directly by the members, and \$80.02 in A share and \$36.00 in B share extra held by the Co-op on account. The total cost of redemption is \$7,886.02. The reasons for member redemptions are reflected on the attached list. The Co-op policy is when a member terminates his/her membership by redeeming his/her A shares any B shares and B share extra will be redeemed at the same time.

For the period ending August 19<sup>th</sup>, 2019, 31 members have requested share transfers. This includes 1,059 A shares held directly by the members and \$60.29 in A share extra held by the Co-op on account. The reasons for member transfers are reflected on the attached list.

For the period ending August 19<sup>th</sup>, 2019, 517 members have asked to exchange his/her old B share class for the new B share class. This includes 4,037 B shares held directly by the members and \$1,332.60 in B share extra held by the Co-op on account.

To date ending August 19<sup>th</sup>, 2019, 1,813 members have asked to exchange his/her old B share class for the new B share class. This includes 13,821 B shares held directly by the members and \$4,005.03. in B share extra held by the Co-op on account. This represents approximately 20.1% of originally issued B Shares.

To date ending August 19<sup>th</sup>, 2019, 14,971 B shares held directly by the members and \$4,440.43 in B share extra held by the Co-op on account have either been redeemed or converted to new B Share class. This represents approximately 21.7% of originally issued B Shares.

Redemption of these shares (\$7,886.02 in total) will not adversely affect the cash position or cash flow of the Co-op at this time.

Respectfully,

Mark S Langlois, CPA, CGMA  
Director of Finance  
Hanover Consumer Cooperative Society, Inc.



## Monitoring

**EL 5 – Employee Experience**

Submitted by Edward W. Fox

August 2019

**The Board’s Executive Limitation Policy 5 states, “The General Manager shall not treat staff in any way that is unfair, unsafe, unclear or inconsistent with the Cooperative Values and Principles.”**

*Interpretation:* I interpret this policy to mean the Co-op shall treat all employees in a manner that is fair in that all employees shall be notified of all policies in place at the time of hire and throughout employment in a clear manner, provide a safe workplace both physically and emotionally, and do so in a manner that is consistent with Cooperative Values and Principles.

As such, the GM will not fail to:

**EL 5.1 Operate with written personnel policies that:****a. Clarify rules and employment expectations for staff.**

*Interpretation:* The meaning of this policy is clear and needs no further definition.

This is achieved via a comprehensive employee handbook that was first shared with all employees in July 2015. The handbook is periodically updated and re-issued to employees upon the date of publication. HR is often contacted by managers and employees for clarification of policies outlined in the employee handbook.

**b. Provide for fair and thorough handling of grievances in a way that does not include the board as a participant in the grievance process.**

*Interpretation:* The meaning of this policy is clear and needs no further definition.

Grievances are handled initially by the department manager and generally involve the location manager as well. Many times, HR is consulted early in the process as the primary goal of HR’s involvement is to recognize if there are any underlying reasons for the grievance and to resolve those issues in a fair manner which is consistently applied across the various Co-op locations using the Employee Handbook/Co-op policies as a guide in conjunction with state and federal employment law.

**c. Are accessible to all staff.**

*Interpretation:* The meaning of this policy is clear and needs no further definition.

Copies of the Employee Handbook are issued to all employees upon publication. All new employees are issued a current employee handbook which is reviewed with new employees as part of the new hire orientation, which is held at the Resource Center on a regular schedule. Employee Handbooks are available in every location as well as on the shared network drive which is accessible from any Co-op computer.

**d. Inform staff that employment is neither permanent nor guaranteed.**

*Interpretation:* The meaning of this policy is clear and needs no further definition.

In 2017, all references to At-Will employment were removed from our Employee Handbook and other materials. The new language states: *I understand that, while my employment at the Co-op is neither permanent nor guaranteed, the Co-op is committed to providing me, in most circumstances, with fair notice of performance or behavioral problems I may experience, and to working with me in good faith to correct these problems before any termination decision is made. I also understand, however, that there may be circumstances where termination decisions must be made immediately due to the severity of a particular infraction, as noted in section 5.7 and other areas of this handbook, and that management has the absolute discretion to make that decision.*

This language appears in all offer letters to new hires and in the employee handbook. This language appears in the handbook receipt and acknowledgement form which is reviewed at orientation with new employees and signed by all employees upon each reissuance of the handbook.

I report compliance.

**EL 5.2: Apply personnel policies in a consistent fashion.**

*Interpretation:* Employees need to perceive a degree of fairness in regard to the application of personnel policies.

Our Director of Administrative Operations (HR) has brought consistency to this area with the development and launch of a new employee handbook in 2015 with subsequent updates as needed. Together with our Employee Learning and Development Manager, our Director of Administrative Operations (HR) has developed and launched manager training for all managers and supervisors on the role of managers and the role of HR.

The employee experience project is underway. The purpose of this project is to understand who works at the co-op and the touchpoints along the employment journey. One outcome of this project will also provide a basis for non-discrimination in the application of personnel policies throughout the organization.

Another effort now underway is the lighthouse project which is taking a look at discrimination and unconscious bias at every level of the organization. The goal of this project is to recommend training for all levels of the organization to bring understanding and celebration of our uniqueness, similarities and recognition of the value of every individual who works here.

I report compliance.

**EL 5.3: Permit employees to participate meaningfully in achieving business success for their departments, their stores, and the cooperative as a whole, in part through appropriate training programs for new employees and employees new to their positions.**

*Interpretation:* I interpret meaningful participation to mean employees have mechanisms to help them make a contribution to the business success of the organization at multiple levels.

Retail locations, the Service Centers and the Kitchen have weekly huddles at which managers and interested staff gather and report out on their weekly sales and compare them to forecasts.

A decision was made in 2017 to eliminate the quarterly listening sessions held at each location and replace them with members of management team attending weekly huddles in each location on a rotating basis. This has resulted in more direct conversation between employees and the management team and gives the management team a better understanding of what is happening in each location. It also gives the management team an immediate opportunity to show its appreciation to our employees for the hard work they do every day.

I report compliance.

**EL 5.4: Maintain objective, quantifiable measures of employee opinion and to report the results to the Board at least every three years.**

*Interpretation:* There needs to be a survey of employee opinion performed by a reputable outside third party, on a regular basis, the results of which are shared with the Board.

An Employee Satisfaction Survey was conducted in May 2018. A repeat of this survey was conducted in July 2019. The results will be shared with the Board and the employees through a series of special meetings held at each location.

In addition to the survey, the Co-op has launched an employee experience committee/project that is aimed at understanding who works here, why they work here and how the touch points along the employee journey are perceived. The idea is to develop personas that will help us understand our employees and how to best address those areas that have been identified as opportunities for improvement in an effective manner.

I report compliance.

**EL5.5: Provide for adequate documentation, security and centralized retention of personnel records and all personnel related decisions.**

*Interpretation:* The meaning of this policy is clear and needs no further definition.

Employee files are kept in locked fire proof cabinets in the HR offices at the Resource Center. Access to these files is limited to HR employees who have a business reason to do so. We employ the circle of reasonability as a visual aid for employees to understand the expectations of being a good employee. We have trained our managers on this concept and have trained them on coaching techniques.

I report compliance.

**EL 5.6: Provide a thorough training program for all management/supervisory personnel concerning the effective handling of performance and discipline issues.**

*Interpretation:* The meaning of this policy is clear and needs no further definition.

We offer ongoing manager training on a monthly/quarterly basis for new and experienced managers. These trainings cover such topics as partnering with HR, coaching employees, the ins and outs of employment law and how to navigate our performance improvement process. This training will be updated for 2020 to include topics specific to hands on managerial responsibilities as part of the path to leadership.

I report compliance.

**EL 5.7: Provide for a progressive corrective disciplinary system applicable to employees who have completed their respective probationary periods that:**

- a. allows employees the opportunity to correct behavior reasonably amenable to corrective discipline without infringing on the General Manager's right to suspend or to discharge employees immediately for serious violations of law or policy.**

*Interpretation:* The meaning of this policy is clear and needs no further definition.

Employees who are struggling or not meeting standard are given an opportunity to improve by their manager first and then in conjunction with HR. A Performance Improvement Plan is developed by the employee and his/her manager as a first effort to effectuate improvement. If that is not successful, the manager will contact the HR Director for further input on how corrections to performance may be made. A Corrective Action Notice would be the next step in the process, if needed, and HR would work with the manager to craft such a notice. The employee would be given a stated timeframe by which improvement is to be made. Failure to improve may result in additional time being granted or termination depending on the circumstances involved.

- b. advises employees of the reason(s) for any disciplinary actions taken, including discharge, and**

*Interpretation:* The meaning of this policy is clear and needs no further definition.

Employee actions have a written document to support the action as noted above, either in the form of a performance improvement plan or corrective action notice, or in a termination letter that clearly states the reason for the action being taken.

- c. reserves to the General Manager the sole right to determine what constitutes proper cause for disciplinary action, including discharge.**

*Interpretation:* The meaning of this policy is clear and needs no further definition.

The General Manager is routinely consulted on employee relations issues. GM approval is always obtained before any disciplinary action is taken, especially when termination of employment is a possible outcome.

I report compliance.

**EL5.8: Authorize compensation and benefits that are internally and externally equitable.**

*Interpretation:* The meaning of this policy is clear and needs no further definition.

The General Manager is apprised of all changes to compensation and benefits packages that are being considered. The approval of the General Manager is obtained before any changes are made to the compensation and benefits offerings of the Co-op.

I report compliance.

**EL 5.9: Advise the Board prior to paying any employee bonus, establishing or modifying any incentive plan for employee compensation, or providing for any program of employee discount.**

*Interpretation:* The meaning of this policy is clear and needs no further definition.

The General Manager advises the board prior to any incentive plan or any program of employee discount being enacted.

I report compliance.

**EL 5.10: Refrain from changing the General Manager's own compensation and benefits, except as his or her benefits are consistent with a package for all other employees.**

*Interpretation:* The meaning of this policy is clear and needs no further definition.

No changes are made to the General Manager's compensation without direct written communication from the Board of Directors to the Director of Administrative Operations (HR) instructing him/her to implement such a change.

I report compliance.

## EL 6 – Compensation and Benefits

Submitted by: Ed Fox August 2019

Co-op Board Meeting: August 28, 2019

---

**The Board’s Executive Limitation Policy 6 states, “the GM may not cause inexplicable discrimination with respect to employment, compensation, and benefits to employees, consultants, contract workers, and volunteers, or allow jeopardy to fiscal integrity or public image.”**

*Interpretation:* I interpret this policy to mean the Co-op shall not discriminate when it comes to decisions regarding hiring, compensation or benefits for our employees. I also interpret this prohibition on discrimination to cover our hiring decisions and financial remuneration (if any) to cover consultants, and contract workers. (The Co-op may not engage volunteers as it is a for profit organization.) I interpret the phrase “allow jeopardy to fiscal integrity or public image” to indicate the Board’s concern for wage and benefit policies that will both withstand public scrutiny for fairness when compared to the market and that can be based on reasonably projected revenues.

*Data, Policies and Procedures:* The Co-op’s Employee Handbook clearly states the Co-op is an equal opportunity employer and that “We will not discriminate against employees or applicants for employment on any legally recognized basis including, but not limited to: veteran status, uniform service member status, race, color, religion, sex, national origin, age and physical or mental disability” and indicates how a grievance procedure works to address concerns. We actually take this one step further when speaking with new hires at orientation, as we tell them that our practice is to base our hiring, wage increases, promotions, and termination decisions on performance.

To reduce the chance of bias in hiring, our applications for employment do not include requests for any information relating to personal characteristics, current or past pay, or previous convictions. All applications for employment are forwarded by HR to the appropriate Co-op manager for consideration. Prescreen questions that previously were asked by HR in a phone interview have been rolled into the job application in an effort to speed up the process. Hiring managers may upon receipt of a job application invite the applicant in for an interview. If so desired, the hiring manager contacts the applicant and the interview is scheduled. The hiring manager notifies HR indicating whether or not there is interest in making the hire. If the hiring manager indicates that he/she wishes to hire the applicant, HR makes the offer and, if the offer is accepted, notifies the hiring manager of the start date. If not, HR notifies external applicants and the hiring manager notifies internal applicants of the selection decision.

Compensation schedules are set using what management believes to be reliable industry data. Benefits are offered to 100% of full-time employees based on the eligibility requirements of the benefit. Part-time employees receive benefits for which they are eligible. Compensation rates and benefits are explained specifically as part of the hiring process, provided in writing to new hires in their offer letter, described in detail as part of orientation, and broadly in the employee handbook. Specific benefit information is available in printed form from the Co-op’s Human Resources Department.

With the above information and data provided below I report compliance.

Accordingly,

**EL 6.1: The GM will not fail to establish a current compensation and benefits schedule which represents the geographic and/or professional market for the skills employed.**

*Interpretation:* I interpret this to mean the Co-op will use measurements of Upper Valley or regional market rates commonly used by human resource professionals to determine compensation and benefits schedules for like job classifications.

*Data:* The Co-op's overall compensation schedules and benefit plans were developed after consultation with professionals in their fields. The Director of Administrative Operations (HR) monitors the New Hampshire Department of Employment Security's Labor Market Bureau for data the Co-op uses for comparison of compensation for specific job categories in specific geographic areas of the state. Because the Co-op competes for the labor of service workers with large local entities like Dartmouth College and Dartmouth Hitchcock Medical Center and with local grocery companies, food service outlets, and retailers, occasional adjustments to the compensation schedule may be made due to specific local market conditions.

Wage schedules are adjusted generally every two years to adjust for inflation and market conditions. Our minimum wage was increased to \$11.50 in 2018. However, no employee at the Co-op is paid less than \$12.00 per hour. We anticipate moving our wage scale up over the next three to four years to reach a minimum wage of \$15.00 per hour should business conditions allow.

I report compliance.

**Is based on revenues that can be safely projected.**

*Interpretation:* I interpret safely projected as being based on historical sales (revenue) data reflecting conservative budgeted rates of growth. I also interpret this phrase to imply that there are monitoring mechanisms used by management to ensure labor costs are in line with budgeted projections or ongoing business or economic trends.

*Data:* The budgeting process for 2019 mirrored the process from 2018 which included the implementation of a Workforce Plan which is based on the anticipated number of hours needed to run a unit/department as well as how many positions are needed and at what level. There is some flexibility built into the system. The Workforce Plan allows for promotions and transfers to occur via the regular hiring process rather than by recommendation of the department/location manager. This may entail the creation of a new position to accomplish the promotion. However, the goal is to keep the total approved hours in a department constant throughout the year and should a new position be created, it would replace the old position which would be closed.

We anticipate and budget for new growth in areas that we expect will expand and also plan for a 2% increase in pay across the board which is managed as a compensation pool by location. This process was implemented in 2018. Each location manager (at the Resource Center, department manager/director) is

informed of the amount of the compensation pool that is available for rate changes in their location/department.

The Workforce Plan and the anticipated annual wages are submitted to the Director of Finance as part of the annual budgeting process and are taken into account when contemplating sales projections for each location.

I report compliance.

### **Represents internal equity.**

*Interpretation:* I interpret internal equity to mean there will be a fair system of pay based on definable measures of job performance, prior experience and the associated pay grade. Within these guidelines there should be no discrimination based on the factors mentioned in my interpretation of the overall policy above.

*Data:* The Co-op uses defined pay grades to reflect the value of every job in the organization. Pay grades were developed with the help of a professional compensation specialist and are updated using the methodology noted in the discussion of policy 6.1.

Promotions to higher levels of authority are based on clear criteria spelled out in job descriptions and are approved by the Director of Administrative Operations (HR), and the Director of Business Unit Operations Director or the Director of Finance, as the appropriate members of Management. Employees are encouraged to apply for open positions at a higher level in their own or other departments which may be of interest to the employee. The application is handled by the normal process through Human Resources and by the hiring manager. This process has provided an equal opportunity for all employees to move up the ladder to higher pay and career growth.

Opportunities for promotion are included in the Workforce Plan as a guide for managers to follow over the course of a year. A position at a higher level may not exist in any given department but there is a process within the Workforce Plan which allows for a new position to be created to accommodate the desired promotion. Even so, all new positions that become available either because they have been vacated or created specifically as a promotion opportunity, are posted so that all employees have an equal opportunity to apply. Positions created for this purpose are replacing existing positions so that there is no increase in head count or FTEs (Full Time Equivalents).

While it is difficult to measure equity in work place actions, we will do our best based on the information our employees have shared with us. Over the past 12 months, there have been 52 promotions. Please see chart on page 10.

Opportunities at the highest professional levels in the organization are still dominated by men which is somewhat of an historical legacy. In recent years hires of executive level employees have tended to be male (COO, CFO, store managers), but we have made an effort to cast a wider net when looking for candidates for these positions. Of the management team, excluding the GM, there are 3 males and 2



females whose compensation rates have been equalized over the past 12 months based on job responsibilities.

I report compliance with an acknowledgement of more work to do.

**Adheres to policies adopted by the Board and distributed to the staff.**

*Interpretation:* I interpret this to mean policies the Board has enacted specific to the compensation and benefits for employees, which are the over-arching subjects of this policy. Except for this Executive Limitation policy, the Board has adopted no policies related to compensation and benefits. The policy is available to employees through the Co-op's website.

*Data:* Subsection One of this Executive Limitation policy instructs management to provide employees with wages competitive to the market.

Management continues to manage labor and benefit costs so as to protect the Co-op's business. This ongoing process has been influenced by the recent decline in the unemployment rate to around 2.0% in the Upper Valley area. As a result, we have increased starting wages for experienced workers and have included funding for merit raises and promotions as part of our Workforce Plan and 2019 budget.

I report compliance.

**EL 6.2: The GM will not fail to inform staff that employment is neither permanent nor guaranteed.**

*Interpretation:* This policy is clear and needs no further interpretation.

*Data:* Due to the work of a board committee made up of board members, Co-op members, employees and management, the decision was made to remove the "at-will" language and instead institute language that is aligned with EL 5. All references to at-will employment were removed from our printed materials in the fall of 2017 and included in the new Employee Handbook that took effect on 1/1/2018.

Even though it had been our practice to work with employees when performance improvement was needed, this change removes the possibility that an employee could be terminated without being given a reason for that termination. The Co-op still retains the right to terminate for first instances of serious negative behaviors such as theft, causing bodily injury or being under the influence of intoxicating drugs or alcoholic beverages while on company property. The new wording includes the statement, "Employment is neither permanent nor guaranteed" and can be found in our Employee Handbook, in our offer letters and other documents as appropriate.

I report compliance.

**EL 6.3: The GM will not allow compensation and benefits significantly beyond the limits established by the pay schedule.**

*Interpretation:* I interpret this to mean that compensation should not fall above or below established pay grade limits, both upper and lower. I also interpret this policy to mean I should report all compensation that exceeds established pay limits. I further interpret this policy to encompass any situations where compensation is below limits established by the pay schedule.

*Data:* Employees are not paid more than the top limit or less than the bottom limit of the established and published pay grades. There are no employees whose rate of pay falls outside established pay grades either high or low.

I report compliance.

**Additional Information**

Turnover	
Total Annual Turnover Rate	23.2%

**By Location:**

Resource Center	4.6%
Community Market	53.3%
Kitchen	17.5%
Hanover	21.3%
Lebanon	28.7%
Service Center	37.5%
White River Junction	26.9%
Norwich Service Center	16.8%

Average Turnover Rate – Retail	66.6%*
--------------------------------	--------

\*benchmark from Paylocity

Average Turnover Rate – Co-ops	60%**
--------------------------------	-------

\*\*Cooperative Grocer Network March-April 2001 as per Carolee Colter and from other HR managers surveyed at the NCG Conference 2017

In 2017, a decision was made to move smart staffing based on the anticipated functionality of ECRS/Catapult. When a position became vacant, rather than automatically fill it, as was the process in the past, we looked at the function of the position and whether or not the duties could be absorbed by other employees/departments or if the duties were essential to the smooth operation of the Co-op. This resulted in a lower employee count than we have had in prior years.

**Breakdown of Workforce by Pay Grade:**

	Male	Female	PT	FT
1	32	29	32	29
2	23	30	13	40
3	23	37	11	49
4	24	23	2	45
5	33	23	1	55
6	18	20	0	38
7	3	2	0	5
8	8	8	0	16
9	1	1	0	2
10	3	2	0	5
11	4	2	1	5
12	1	0	0	1

**Other Metrics:**

Male 49.5%  
 Female 50.4%

FT 83%  
 PT 17%

Full Time Equivalent = 307  
 Total Employees = 351

**Examples of Rising Starting Rates**

	<u>Pay Grade Min.</u>	<u>Starting Rates</u>
Customer Service Specialist 1	\$11.50	\$12 - \$13.50
Customer Service Specialist 2	\$12.25	\$12.50 - \$14.50
Customer Service Specialist 3	\$12.95	\$13 - \$15

**Breakdown by pay grade, showing gender and average pay rates**

2018

Pay Grade	M #	F#	Diff ##	M\$	F\$	Diff \$\$
1	31	38	-7	\$11.19	\$11.27	-\$0.08
2	21	38	-17	\$13.14	\$12.98	\$0.16
3	24	31	-7	\$14.44	\$14.18	\$0.26
4	23	21	2	\$15.79	\$16.60	-\$0.81
5	29	19	10	\$19.45	\$17.68	\$1.77
6	19	20	-1	\$22.88	\$22.34	\$0.54
7	4	4	0	\$25.56	\$24.77	\$0.79
8	8	5	3	\$31.24	\$27.04	\$4.20
9	1	0	1	\$38.52	\$0.00	\$38.52

160 176

Pay Grade	M #	F#	Diff ##	M\$	F\$	Diff \$\$
1	31	38	-7	\$11.01	\$10.87	\$0.14
2	21	38	-17	\$12.92	\$12.58	\$0.34
3	24	31	-7	\$14.74	\$14.20	\$0.54
4	23	21	2	\$15.54	\$16.27	-\$0.73
	99	128				
5	29	19	10	\$19.00	\$17.76	\$1.24
6	19	20	-1	\$22.40	\$22.28	\$0.12
7	4	4	0	\$26.69	\$24.34	\$2.35
8	8	5	3	\$26.67	\$24.31	\$2.36
9	1	0	1	\$38.52	0	\$38.52
	61	48				

160 176

\* Meat Cutters

\*\* Includes Merchandisers/Higher Level Managers

Grades 1 - 4 = 29 more female than male

Grades 5 - 9 = 13 more male than female

**Breakdown by pay grade, showing gender and average pay rates**

2019

Pay Grade	M #	F#	Diff ##	M\$	F\$	Diff \$\$
1	32	29	3	\$12.21	\$12.26	-.05
2	23	30	7	13.48	13.26	.22
3	23	37	14	15.04	14.49	.55
4	24	23	-1	16.79	16.63	.16
5	33	23	10	19.46	18.46	1.00
6	18	20	-2	24.02	22.90	3.12
7	3	2	1	28.15	24.60	3.55
8	8	8	0	31.02	28.18	2.84
9	1	1	0	42.00	27.00	15.00
	165	173				

Pay Grade	M #	F#	Diff ##	M\$	F\$	Diff \$\$
1	32	29	3	\$12.21	\$12.26	-.05
2	23	30	7	13.48	13.26	.22
3	23	37	14	15.04	14.49	.55
4	24	23	-1	16.79	16.63	.16
	102	119				.88
5	33	23	10	19.46	18.46	1.00
6	18	20	-2	24.02	22.90	3.12
7	3	2	1	28.15	24.60	3.55
8	8	8	0	31.02	28.18	2.84
9	1	1	0	42.00	27.00	15.00
	63	54				
	165	173				

\*Meat Cutters

\*\*Merchandisers/Higher Level Mgrs

\*\*\*Mgr of B/U vs Admin Role

Grades 1 - 4 = 17 more female than male

Grades 5 - 9 = 15 more male than female

**Breakdown by Pay Grade of Wage Changes, and Promotions**

Equity Increases	Total	M	F
	11	1	10
Merit Increases	Total	M	F
Pay Grade 1	40	20	20
Pay Grade 2	36	16	20
Pay Grade 3	32	14	18
Pay Grade 4	30	18	12
Pay Grade 5	45	19	26
Pay Grade 6	43	18	25
Pay Grade 7	6	3	3
Pay Grade 8	16	8	8
Pay Grade 9	2	2	0
Pay Grade 10	5	3	2
Pay Grade 11	5	5	0
Pay Grade 12	2	2	0
	<u>262</u>	<u>128</u>	<u>134</u>

Promotions	Total	M	F
Pay Grade 1	5	2	3
Pay Grade 2	13	2	11
Pay Grade 3	13	5	8
Pay Grade 4	12	4	8
Pay Grade 5	6	4	2
Pay Grade 6	3	2	1
	<u>52</u>	<u>19</u>	<u>33</u>

Avg. Promo Increase			
Pay Grade 1	\$0.53	\$1.27	-\$0.74
Pay Grade 2	\$0.97	\$0.94	\$0.03
Pay Grade 3	\$2.26	\$1.30	\$0.96
Pay Grade 4	\$1.25	\$1.50	-\$0.25
Pay Grade 5	\$1.66	\$2.36	-\$0.70
Pay Grade 6	\$2.50	\$1.50	\$1.00
	<u>\$9.17</u>	<u>\$8.87</u>	

Managers promoted to Team Managers

**Governance Process**

## Ends Committee motion revision

At the July 24 meeting of the board, the following motion was passed: *“...to establish a committee including board members, member-owners and employees to study the new ends and recommend changes to the board. The committee will work with Member Services and Outreach to involve as many member-owners as possible.”*

As written, it states that a committee will study the new ends and recommend changes. It does not indicate that any member linkage will be for the purpose of informing board decision-making. Yet, soliciting member input going forward was the whole point of a long discussion and the purpose of forming a committee.

Because the motion establishes the basis for the committee’s existence—and because motions made extemporaneously can be less than optimal in their wording— I would like to propose a revision that I believe is more in keeping with the board’s intent:

To replace the charge given to a committee established at the July 24, 2019, board meeting which reads *“...to study the new ends and recommend changes to the board. The committee will work with Member Services and Outreach to involve as many member-owners as possible.”* with the following: *“...to poll as many member-owners as possible regarding the Co-op’s reason to exist and to share that information with the board for its use in Ends development.”*

Hence, the complete statement would be *“To establish a committee including board members, member-owners, and employees to poll as many member-owners as possible regarding the Co-op’s reason to exist and to share that information with the board for its use in Ends development.”*

Respectfully submitted,

Rosemary Fifield



## **Bylaws Committee Charter**

The Bylaws Committee assists the board in maintaining bylaws that meet the Co-op's organizational needs while remaining consistent with relevant legislation.

### **Committee Products:**

1. The committee reviews current bylaws for relevance, clarity, completeness, and consistency with current legislation and the Co-op's Certificate of Organization.
2. As needed, the committee proposes revisions to current bylaws for the board's consideration.
  - 2.1 The committee ensures that proposed revisions are consistent with current legislation and the Co-op's Certificate of Organization before presenting them to the board.
  - 2.2 The committee provides written rationale for each proposed revision.
3. The committee ensures sufficient communication with the Co-op's member-owners to enable informed voting on proposed bylaws revisions endorsed by the board.
  - 3.1 The committee follows a timeline designed to provide adequate time for education of member-owners on the proposed revisions prior to voting.
  - 3.2 The committee provides written rationale for each proposed revision.
  - 3.3 The committee participates in events intended to inform member-owners about the proposed changes.

### **Committee Authority**

4. The committee's authority enables it to assist the board in its work, while not interfering with board holism.
  - 4.1 The committee has no authority to change board policies.
  - 4.2 The committee chair has the authority to reasonably interpret this charter.
  - 4.3 The committee has the authority to engage legal counsel as necessary.
  - 4.4 The committee has authority to use staff resource time normal for administrative support, including communication with member-owners and member-owner voting on proposed revisions.

### **Committee Composition and Tenure**

5. The Committee's composition shall enable it to function effectively and efficiently.
  - 5.1 The board shall elect one of the current directors to chair the committee for one year.
  - 5.2 The chair will select the remaining members subject to the approval of the Board of Directors.
  - 5.3 The committee shall disband upon completion of its assigned tasks.

## Election Committee Charter

The Election Committee assists the Board in fulfilling its responsibilities for democratic elections of board members.

### Committee Products:

1. The Committee shall produce fair and efficient elections.
  - 1.1. A slate of qualified and well-informed candidates nominated in accordance with the Bylaws.
    - 1.1.1. At least two more candidates than open Board positions who meet the attributes sought by the Board in GP-6.
    - 1.1.2. Candidates shall understand the elections process, attributes sought in board members, requirements of their service, and obligations of board membership, particularly GP-4: Board Members' Code of Conduct.
      - 1.1.2.1. Candidates shall be aware of the information that they need to provide for the elections process.
      - 1.1.2.2. Candidates shall have the opportunity to observe a board meeting.
      - 1.1.2.3. Each candidate shall be aware of any legal qualifications required for a board position.
  - 1.2. The electorate will have ready access to the information it needs to make informed decisions, including:
    - 1.2.1. The attributes of board members to enable effective governing
    - 1.2.2. Candidate's qualifications, perspectives, knowledge, skills, and experiences, to assess each candidate's relevant attributes.
  - 1.3. Voting and ballot counting shall be conducted in accordance with state statutes, bylaws, and board policies.
    - 1.3.1 Board members will be scheduled to participate in ballot counting.
  - 1.4. Candidates and Co-op members shall be informed of the election results.
2. The Chair of the Committee shall ensure new board members are oriented prior to their first board meeting. At a minimum, they shall:
  - 2.1 Receive required board materials, including the latest Policy Governance Manual and the bylaws.
  - 2.2 Be informed about meeting times and locations.

### Authority:

3. The Committee's authority enables it to assist the board in its work, while not interfering with board holism.
  - 3.1. The Committee has no authority to change board policies.
  - 3.2. The Committee Chair has the authority to reasonably interpret this Committee Charter and the Board's GP-6 Succession plan policies.
  - 3.3. The Committee has authority to spend funds set out in the board-approved governance budget.
  - 3.4. The Committee has the authority to refuse nominations for individuals who are not eligible for election according to state law or HCCS bylaws. However, the committee does not have authority to recommend or endorse specific candidates.
  - 3.5. The Committee has authority to determine which ballots are valid.
  - 3.6. The Committee has authority to use staff resource time normal for administrative support around meetings, as well as administrative support required for the conduct of the elections.

### Committee Composition and Tenure:

4. The Committee's composition shall enable it to function effectively and efficiently.
  - 4.1. The Committee and the Committee Chair shall be appointed annually by the Board in accordance with Bylaw requirements.

## GP 6 – Board Process for Recruitment and Continuity

To insure continuation of effective leadership and governance, the ~~Board-board~~ commits itself to recruiting high quality candidates for open ~~Board-board~~ positions.

~~Accordingly, the GP 6.1 The Board-board will appoint an Election Committee, constituted according to the Bylaws. The Election Committee will be responsible for the following activities:~~

~~GP 6.1: Recruit and identify potential candidates for the Board of Directors and when requested by the Board, for other board committees.~~

**GP 6.1.1:** The Election Committee will identify potential candidates who share the following qualifications:

~~Candidates will be committed~~ GP 6.1.1.1 A commitment to serve the Co-op and its members.

GP 6.1.1.2 Active interest in linking to members, ~~and have a~~

GP 6.1.1.3 A preference for long-term, strategic, and conceptual thinking.

~~Candidates will be willing~~ GP 6.1.1.4 Willingness to learn and work within the Policy Governance model, ~~(which will be explained thoroughly in the Orientation for new board members).~~

~~Candidates will be~~ GP 6.1.1.5 The ability-able to participate thoughtfully and assertively in deliberation, showing full respect for the opinions of others.

~~In accordance with the Bylaws, Article V, Section 1, “The governance of the Cooperative shall be vested in a Board of Directors, which shall consist of twelve (12) Members of the Cooperative, each of whom shall be at least 18 years of age.”~~

~~Candidates will have a Social Security card, or have begun the process of obtaining one. This is necessary because the Food Stamp program requires the Co-op to keep on file a copy of every Director’s Social Security card.~~

~~Candidates who have been convicted of a felony will notify the chairman of the Election Committee as soon as possible. This disclosure is necessary due to laws governing the Co-op’s state liquor license. The Election Committee Chair will need to provide guidance to the candidate so he/she can begin the process of obtaining a state liquor license waiver.~~

~~Candidates must be able~~ GP 6.1.1.6 The ability to communicate by email.

**GP 6.1.2:** ~~Election Committee members will communicate with potential candidates about the election process, the requirements of their service, and encourage potential candidates to attend a board meeting(s) if they have not already done so.~~ The Election Committee will make clear to perspective candidates the obligations associated with board membership. ~~Board members serve as unpaid volunteers who are expected to commit a significant amount of time per month to board activities, which include:~~

GP 6.1.2.1 Preparation for and attendance at monthly ~~Board-board~~ meetings (6-8 hours per month). ~~Meetings take place from approximately 5:30 PM—9:00 PM with dinner provided by the Co-op Kitchen;~~

[GP 6.1.2.2](#) Participation in various working groups (e.g., committee work) during the month (2-3 hours per month);

[GP 6.1.2.3](#) Participation in the planning and conduct of the Annual Meeting (a few hours plus the meeting each year);

[GP 6.1.2.4](#) Participation in events, such as Producers Fair, and ballot counting. (Several hours a few days each year);

[GP 6.1.2.5](#) Attendance at an annual ~~Board-board~~ retreat (a day-long session) and other leadership or cooperative development training sessions (from half-day to full day sessions, usually held on weekend);

[GP 6.1.2.6](#) Attendance at the annual CCMA conference one or two times a term (will require long distance travel and being away from home for four days time).

~~**GP 6.1.3:**—Communicate with new candidates the requirements for their personal statements for the election materials, and provide them with any necessary support to prepare and submit this information in a timely manner.~~

**GP 6.1.4:2** To insure a competitive election, the board will strive to recruit a sufficient number of applicants to provide for two more candidates than open ~~Board-board~~ positions.

~~[GP 6.3](#) Board members must meet the qualifications required by state laws and bylaws, including, but not limited to being at least 18 years of age, providing their Social Security number, and being able to obtain a state liquor license waiver if they have been convicted of a felony.~~

~~**GP 6.1.5:**—Schedule Board member participation to count ballots and inform candidates of the election results.~~

~~**GP 6.1.6:**—Connect with new board members before they attend their first board meeting to confirm meeting time, Board materials they will require, forms needing to be filled out, and welcome new board members at the first meeting.~~

~~*This policy will be monitored annually in June by a report prepared by the Election Committee Chair or designated committee member.*~~

## EL I – Planning

The General Manager may not cause or allow planning to deviate materially from a **strategic, long-term plan to achieve** the Board's Ends priorities ~~or fail to be derived from a strategic long-term plan~~. Further, without limiting the scope of the foregoing by this enumeration, the General Manager may not cause or allow plans that:

**EL 1.1.** Lack expectations of achievement of a reasonable interpretation of Ends policies over multiple years, if necessary.

**EL 1.1.1:** Lack sufficient information to explain and justify assumptions.

**EL 1.1.2:** Fail to identify relevant environmental factors.

**EL 1.2.** Isolate our business from or do not provide appropriate support of the greater cooperative movement.

**EL 1.2.1.** Do not provide appropriate support of the Neighboring Food Cooperatives Association.

**EL 1.13.** Omit credible projection of revenues and expenses, separation of capital and operational ~~items~~ expenses, cash flow, and disclosure of planning assumptions.

~~EL 1.1.1: Contain insufficient information to support assumptions.~~

**EL 1.4.** Permit budgeting for any whole or part of a fiscal period not derived from the multi-year plan.

**EL 1.35.** ~~Do not protect the long-term health of the Co-op as~~ Risk incurring any situation or condition described as unacceptable in the Financial Conditions policy.

**EL 1.6.** Do not provide the amount determined annually by the Board so that it may fulfill all of its governance duties.

**EL 1.7.** Permit planning that endangers the fiscal soundness of future years or ignores the building of organizational capability sufficient to achieve Ends in future years.

**EL 1.7.1.** Operate without succession plans to facilitate smooth operations during key personnel transitions and ensure competent operation of the organization over the long term.

**EL 1.7.2.** Permit the organization to be without sufficient organizational capacity and current information about GM and board issues and processes for the competent operation to continue in the event of sudden loss of key management personnel.

**EL 1.28.** Are not updated at least annually.

## **EL 4 – Member/Shopper Experience**

The General Manager shall not cause or allow conditions, procedures, or decisions that fail to reflect the high standard of customer service that the public should expect of a consumer cooperative.

Accordingly,

**EL 4.1:** The General Manager shall not cause products to be offered for sale that are unreasonably dangerous to human health.

**EL 4.1.1:** Because the serious health hazards of tobacco products are contrary to the Co-op's ends, values, and mission, the GM shall not cause or allow the sale of tobacco products at the Co-op.

**EL 4.2:** The General Manager shall not fail to respect the privacy of any information customers share with the cooperative.

**EL 4.3:** The General Manager shall not fail to treat customers respectfully, courteously and helpfully.

**EL 4.4:** The General Manager shall not fail to act in the best interests of consumers when choosing products for retail sale, determining their prices, and providing information about such products.

**EL 4.5:** The General Manager shall not fail to establish a clear understanding with customers of what may be expected and what may not be expected from the service offered.

**EL 4.6:** The General Manager shall not fail to provide a mechanism for customers to express concerns to the management and to respond to such expressions of concerns on a timely and responsive basis.

~~**EL 4.7:** The General Manager shall not fail to conduct regular customer satisfaction surveys. This policy is not intended to interfere with the use of customer survey information for educational or Board purposes.~~

*This policy will be monitored annually in June.*

## EL Monitoring Timeline

Memo to the Board HCCS

June 26, 2019

Ann Shriver Sargent

### Request to change the process for EL Monitoring

I would like to propose an adjustment to our process for monitoring EL's. Since I have been on the board, we have been encouraged to email our questions to the GM after the packet comes out and prior to the meeting if we want further information and clarity on anything in his monitoring report. I feel this has a few flaws:

1. The boards work should be transparent, and our current systems is not easily visible to members
2. Since the board feels that there is value in physical presence (the board has to approve phone in participation) then it should follow that the board feels there is value in the questions being asked in person so that all members of the board can come to the table with their attention at the same time on a subject rather than trying to follow the email threads

### **I am proposing we maintain the EL monitoring schedule with a change only to the process:**

1. The conversation and request for further clarity happen at the board table
2. We routinely plan for discussion in the monitoring month and a vote the following month

The intended result of this change is the following:

1. The board will be more transparent to membership
2. The in-person discourse often results in members thinking about information in a way they did not in isolation and thus everyone is better informed
3. The GM has time to provide the additional data or documentation required for the board to make an informed monitoring vote
4. Members who are unable to be at a meeting will have greater participation because they are likely either part of the discussion date or can read the notes and be part of the vote
5. The shift in schedule will become a routine and help support the board as it works to improve the monitoring process
6. New board members will have a better opportunity to come up the curve before feeling they have to vote

In the spirit of this request I would like to have a discussion at this meeting and vote on the motion in the August meeting

# Governance Action Plan

*Items in italics have been completed.*

color code: current month next month new/change

Task	Reference	Who	By When	Date done
<b>Current Policies</b>				
<i>Rewrite Governance Committee Charter</i>	<i>Workshop Report p. 22-23</i>	Kevin	May	5/22/2019
<i>Rewrite HCCF Committee Charter</i>		Rosemary	May	5/22/2019
<i>Rewrite GP2 to define board deliverables without references to operations</i>	<i>HCCS Coaching Advisory Report 2019-02, pp. 2-3</i>	Ed Howes	June	6/26/2019
<i>Revise GP 8</i>	<i>discussion w/R. Stringham via email</i>	Rosemary	June	6/26/2019
<i>Revise EL 9</i>	<i>discussion w/R. Stringham via email</i>	Rosemary	June	6/26/2019
<i>Rewrite Diversity Committee Charter to focus on products rather than objectives</i>	<i>HCCS Coaching Advisory Report 2019-03, pp. 3-4</i>	Liz	July	7/24/2019
<i>Revise GP10; write GP 11 Board Committee Structure; committee charters as subpolicies</i>	<i>Workshop Report pp. 8, 17; HCCS Coaching Advisory Report 2019-05 pp.3, 10-12</i>	Gov. Comm.	July	7/24/2019
Review EL 4 Member Shopper Experience	Remove EL4.7 as prescriptive; HCCS Advisory Report 2019-06, p. 4	Gov. Comm.	August	
Review EL 2 Financial Condition	Any revisions needed?	Kevin/Ann	August	
Review EL 3 Asset Protection	Any revisions needed?	Kevin/Ann	August	
Rewrite Election Committee Charter	Workshop Report pp.18-19	Gov. Comm.	August	
Revise GP6 to focus on identifying board attributes, not committee process	Workshop Report p. 20-21	Gov. Comm.	August	
Review/revise EL 1 to include multi-year planning	HCCS Coaching Advisory Report 2019-05 pp.3-4, 9 (erroneously marked EL 4)	Gov. Comm.	August	
Review EL 5 Employee Experience	Any revisions needed?			
Review EL 6 Compensation and Benefits	Any revisions needed?			

**Ends**

<i>Review Ends for format, content, how well they reflect the desires of the ownership</i>	<i>Coaching Advisory Report 2019-02, p.3; Coaching Advisory Report 2019-03, pp.2-3</i>	Board, GM	Workshop 5/11/2019	5/11/2019
<i>Discuss proposed Ends; approve final version; rescind old Ends</i>		Board	June	6/26/2019
Ends Committee Charter		Gov. Comm.	September	
Develop a multi-year linkage plan to inform Ends review	Coaching Advisory Report 2019-02, p.9; Coaching Advisory Report 2019-04, p.12	Board		



## Governance Action Plan

Task	Reference	Who	By When	Date done
<b>New Policies</b>				
<i>GP 11: Board Committee Structure</i>	<i>Workshop Report pp. 8, 17; HCCS Coaching Advisory Report 2019-05 pp.3, 10-12</i>	<i>Gov. Comm.</i>	<i>July</i>	<i>7/24/2019</i>
<i>GP 12: Board Linkage with Ownership</i>	<i>HCCS Coaching Advisory Report 2019-02, p. 9; HCCS Coaching Advisory Report 2019-04, p. 12</i>	<i>Victoria, April</i>	<i>July</i>	<i>7/24/2019</i>
GP: Organizational Culture	Workshop Report pp.24-25	Governance Committee, TBD		
GP: Special Rules of Order	Workshop Report pp.26-27			
GP: Handling Operational Complaints	Workshop Report p. 28			
GP: Handling Apparent Policy Violations	Workshop Report pp.29-30			

**Monitoring**

<i>Review method by which Board self-monitors.</i>	<i>Workshop Report pp. 6-7</i>	<i>Rosemary</i>	<i>June</i>	<i>6/26/2019</i>
<i>Review expectations regarding monitoring of ELs and Ends.</i>	<i>Workshop Report pp. 5-6; HCCS Coaching Advisory Report 2019-02 pp. 5-6; HCCS Coaching Advisory Report 2019-03 p. 5</i>	<i>Kevin</i>	<i>June</i>	<i>6/26/2019</i>
Revise B-GM 4 to include above expectations.	HCCS Coaching Advisory Report 2019-06, p.5; Appendix A, page 10	Gov. Comm.	TBD	
Proposal to modify EL monitoring timeline		Ann	August	

**Meetings/Board Performance**

<i>Adopt an agenda focused on member linkage, policy review, and monitoring of operational performance.</i>	<i>HCCS Coaching Advisory Report 2019-02, p.4; "Sample Agenda," Policy Governance Reference Manual, p. 2-MTGS</i>	<i>Board president</i>	<i>June</i>	<i>6/26/2019</i>
<i>Adopt a schedule to review policies on a calendar basis.</i>	<i>HCCS Coaching Advisory Report 2019-02, p.4</i>	<i>Board president</i>	<i>June</i>	<i>6/26/2019</i>
<i>Include meeting evaluation at the end of each meeting.</i>	<i>Workshop Report p. 7</i>	<i>Board president</i>	<i>June</i>	<i>4/24/2019</i>

## APPENDIX A

### GM Monthly Update

#### Communication and Counsel to the Board

Submitted by: Ed Fox August 21, 2019

Co-op Board Meeting: August 28, 2019

Reporting Period: YTD July 2019

---

*No action is required in this report.*

### OVERVIEW

In the fall of 2017, I first wrote about ECRS, a technology suite our Co-op had recently implemented to give our inventory and point-of-sale systems a much-needed update. At that time, we were very new to the world of ECRS, and all of our teams were unsure about what the next few weeks and months would hold in store. One thing we all knew is that we had our work cut out for us. It was a radical change, to say the least, one that would give our Co-op one of the most progressive and state-of-the-art systems in the country.



Two years later, It's a pleasure to pick up the topic again. As you'll see in the upcoming edition of the *Cooperator*, our Co-op's internal employee newsletter, our Co-op was recently presented with the Success Navigator of the Year Award for 2019, a distinction that recognizes our progress in putting ECRS to use.

To quote from the words of Bruce Follett, our Co-op's Director of Business Unit Operations:

*This award is particularly special, because it reflects the commitment and combined efforts of so many different people. Think about it: ECRS trains people all over the country. Companies nationwide use the system we're using now, and in 2019, no one did a better job at it than us. To me this award shows who we are and what we can do together. That's why I'm so proud of this. It reflects our cooperative nature.*

Bruce is spot on. This award belongs to all of us, including our Board of Directors. From the beginning, our Board showed great vision and leadership in supporting our efforts and recognizing the tenacity and teamwork of our employees along the way.



My thanks to all the members of our Board of Directors for the support. I look forward to seeing what our teams can continue to do with ECRS moving forward. In the meantime, questions or feedback? I'd love to hear from you. So please reach out anytime. My door is always open.

As always, my thanks to the senior leadership team and location managers for contributing to the following reports and updates. —ed



Above, Scott Cleveland, Dixie Goss, and Jacob Vincent accept the Success Navigator of the Year Award.

**SALES TRENDS**

Data Through July 2019	Consolidated Food Stores	Hanover	Lebanon	CCM	WRJ	Service Center	Hanover Gas	Hanover Repairs	Norwich Repairs
Actual Sales: % Change Current Month to 12 Months ago	2.86%	0.68%	1.89%	-1.61%	10.47%	-13.86%	-28.68%	-46.76%	100.00%
Actual Sales: % Change YTD through Current Month to YTD 12 Months ago	3.77%	3.06%	3.18%	0.49%	7.33%	0.14%	-12.56%	-42.37%	100.00%
Actual YTD Sales	\$ 41,095,961	\$ 14,264,734	\$ 18,338,785	\$ 1,280,328	\$ 7,168,451	\$ 2,369,964	\$ 1,679,825	\$ 256,754	\$ 433,385
Actual YTD Budgeted Sales	40,176,171	13,980,196	18,059,219	1,326,078	6,770,178	2,683,166	1,702,500	280,065	700,601
Actual Variance in sales	\$919,790	\$284,538	\$279,566	(\$45,750)	\$398,273	(\$313,202)	(\$22,675)	(\$23,311)	(\$267,216)
Potential Margin Impact	\$300,771	\$93,044	\$92,257	(\$15,358)	\$123,863	(\$181,601)	(\$1,474)	(\$14,453)	(\$165,674)

Month Ending	Location	YTD Sales	YTD Budget	YTD % Variance	YTD Variance	Gross Margin Impact	2019 YTD Transactions	2018 YTD Transactions	Change prior year	% Change prior year	2019 YTD Avg Basket	2018 YTD Avg Basket	Change prior year	% Change prior year
7/27/19	Consolidated Stores	\$41,113,144	\$40,135,671	2.44%	\$977,473	\$311,651	1,043,452	1,047,950	(4,498)	-0.43%	\$39.40	\$37.82	\$1.58	4.18%
	Hanover	\$14,283,614	\$13,980,196	2.17%	\$303,418	\$97,883	311,180	314,192	(3,012)	-0.96%	\$45.90	\$44.11	\$1.79	4.06%
	Lebanon	\$18,379,324	\$18,059,219	1.77%	\$320,105	\$104,034	383,813	390,067	(6,254)	-1.60%	\$47.89	\$45.67	\$2.22	4.86%
	CCM	\$1,280,397	\$1,326,078	-3.44%	(\$45,681)	(\$16,189)	111,904	114,841	(2,937)	-2.56%	\$11.44	\$11.11	\$0.33	2.97%
	WRJ	\$7,169,809	\$6,770,178	5.90%	\$399,631	\$125,924	236,555	228,850	7,705	3.37%	\$30.31	\$29.21	\$1.10	3.77%
<b>Service Centers</b>														
7/27/19	Hanover	\$1,930,504	\$1,899,600	1.63%	\$30,904	\$30,534								
	Gas	\$1,681,114	\$1,702,500	-1.26%	(\$21,386)	(\$840)								
	Gallons Pumped	620,969												
	Average Price	\$2.71												
	Labor	\$130,917												
	Parts	\$118,473												
	Total repairs	\$249,390	\$197,100	26.53%	\$52,290	\$31,374								
7/27/19	Norwich	\$433,014	\$700,613	-38.19%	(\$267,599)	(\$160,559)								
	Labor	\$202,375												
	Parts	\$215,775												
	Tires	\$14,864												
	Total repairs	\$433,014	\$700,613	-38.19%	(\$267,599)	(\$160,559)								
<b>Stores &amp; Service Centers</b>		<b>\$43,476,662</b>	<b>\$42,735,884</b>	<b>1.73%</b>	<b>\$740,778</b>	<b>\$181,625</b>								

Food Stores

YTD Ending 7/27/19	Consolidated YTD Sales	YTD Budget	variance	Hanover YTD Sales	YTD Budget	variance	Lebanon YTD Sales	YTD Budget	variance	CCM YTD Sales	YTD Budget	variance	WRJ YTD Sales	YTD Budget	variance
Bakery	\$1,969,335	\$1,961,065	\$8,270	\$675,889	\$657,600	\$18,289	\$860,752	\$876,808	(\$16,056)	\$52,145	\$54,345	(\$2,200)	\$380,549	\$372,312	\$8,237
Beer	\$1,261,395	\$1,172,911	\$88,484	\$314,976	\$287,051	\$27,925	\$437,980	\$410,328	\$27,652	\$88,922	\$71,006	\$17,916	\$419,518	\$404,526	\$14,992
Beverage	\$1,189,026	\$1,112,920	\$76,106	\$363,453	\$342,579	\$20,874	\$475,377	\$450,683	\$24,694	\$90,732	\$91,116	(\$384)	\$259,464	\$228,542	\$30,922
Bin Bulk	\$2,014,808	\$2,005,014	\$9,794	\$756,706	\$731,000	\$25,706	\$1,012,038	\$1,045,661	(\$33,622)	\$41,327	\$40,882	\$445	\$204,736	\$187,501	\$17,235
Cheese	\$1,067,230	\$1,032,611	\$34,619	\$429,777	\$410,400	\$19,377	\$511,249	\$500,998	\$10,252	\$11,773	\$13,474	(\$1,701)	\$114,431	\$107,739	\$6,692
Dairy	\$4,126,003	\$4,011,110	\$114,893	\$1,456,086	\$1,419,757	\$36,329	\$1,744,482	\$1,686,765	\$57,717	\$114,163	\$122,708	(\$8,545)	\$811,272	\$781,880	\$29,392
Deli	\$841,196	\$854,540	(\$13,345)	\$266,389	\$277,118	(\$10,729)	\$372,082	\$380,776	(\$8,694)	\$10,972	\$12,991	(\$2,019)	\$191,752	\$183,655	\$8,097
Floral	\$828,806	\$859,234	(\$30,427)	\$321,417	\$343,507	(\$22,090)	\$408,021	\$419,886	(\$11,865)	\$12,018	\$11,559	\$459	\$87,350	\$84,282	\$3,068
Frozen	\$1,775,180	\$1,696,422	\$78,758	\$575,253	\$550,249	\$25,004	\$749,249	\$702,868	\$46,381	\$50,280	\$57,735	(\$7,455)	\$400,399	\$385,570	\$14,829
Grocery	\$8,798,575	\$8,593,681	\$204,894	\$2,761,405	\$2,697,085	\$64,320	\$4,099,384	\$4,012,686	\$86,697	\$200,686	\$214,560	(\$13,874)	\$1,737,101	\$1,669,350	\$67,751
HABA	\$1,313,686	\$1,279,557	\$34,128	\$508,752	\$496,184	\$12,568	\$685,780	\$679,047	\$6,733	\$7,325	\$6,858	\$467	\$111,829	\$97,468	\$14,361
Kitchenware	\$182,559	\$178,366	\$4,192	\$87,469	\$93,170	(\$5,701)	\$66,828	\$62,606	\$4,222	\$9,569	\$4,244	\$5,325	\$18,692	\$18,346	\$346
Meat	\$3,272,366	\$3,212,879	\$59,487	\$1,119,018	\$1,101,406	\$17,612	\$1,459,880	\$1,450,450	\$9,430	\$31,240	\$38,373	(\$7,133)	\$662,228	\$622,650	\$39,578
PFD	\$2,911,839	\$2,888,140	\$23,698	\$824,040	\$826,205	(\$2,165)	\$1,279,514	\$1,276,693	\$2,821	\$372,300	\$398,105	(\$25,805)	\$435,984	\$387,137	\$48,847
Produce	\$6,550,764	\$6,294,565	\$256,199	\$2,665,995	\$2,610,366	\$55,629	\$2,887,763	\$2,779,117	\$108,646	\$94,433	\$95,813	(\$1,380)	\$902,573	\$809,269	\$93,304
Seafood	\$1,170,176	\$1,176,455	(\$6,278)	\$450,530	\$461,969	(\$11,439)	\$567,260	\$569,630	(\$2,370)	\$3,233	\$3,356	(\$123)	\$149,154	\$141,500	\$7,654
Sushi	\$514,173	\$526,465	(\$12,292)	\$140,605	\$134,300	\$6,305	\$308,707	\$319,383	(\$10,676)	\$30,562	\$29,797	\$765	\$34,299	\$42,985	(\$8,686)
Wine	\$1,242,444	\$1,279,735	(\$37,291)	\$540,838	\$540,250	\$588	\$405,070	\$434,833	(\$29,763)	\$57,517	\$59,186	(\$1,669)	\$239,019	\$245,466	(\$6,447)
<b>TOTAL</b>	<b>\$41,029,560</b>	<b>\$40,135,671</b>	<b>\$893,889</b>	<b>\$14,258,597</b>	<b>\$13,980,196</b>	<b>\$278,401</b>	<b>\$18,331,418</b>	<b>\$18,059,219</b>	<b>\$272,198</b>	<b>\$1,279,197</b>	<b>\$1,326,078</b>	<b>(\$46,881)</b>	<b>\$7,160,348</b>	<b>\$6,770,178</b>	<b>\$390,170</b>

Service Centers

YTD Ending 7/27/19	Consolidated YTD Sales	YTD Budget	variance	Hanover YTD Sales	YTD Budget	variance	Norwich YTD Sales	YTD Budget	variance
Gas	\$ 1,681,114	\$ 1,702,500	\$ (21,386)	\$ 1,681,114	\$ 1,702,500	\$ (21,386)	\$ -	\$ -	\$ -
Parts	\$ 334,248	\$ -	\$ 334,248	\$ 118,473	\$ -	\$ 118,473	\$ 215,775	\$ -	\$ 215,775
Tires	\$ 14,864	\$ -	\$ 14,864	\$ -	\$ -	\$ -	\$ 14,864	\$ -	\$ 14,864
Repairs	\$ 333,292	\$ 897,713	(\$564,421)	\$ 130,917	\$ 197,100	(\$66,183)	\$ 202,375	\$ 700,613	(\$498,238)
<b>TOTAL</b>	<b>\$ 2,363,518</b>	<b>\$ 2,600,213</b>	<b>(\$236,695)</b>	<b>\$ 1,930,504</b>	<b>\$ 1,899,600</b>	<b>\$ 30,904</b>	<b>\$ 433,014</b>	<b>\$ 700,613</b>	<b>(\$267,599)</b>

Food Stores

FY2019: +\$977,472 +2.44% growth in sales v. budget  
+3.73% growth in sales over 2018

FY2018: +\$947,125 +2.45% growth in sales v. budget  
+2.64% growth in sales over 2017

Service Center

FY2019: -\$334,569 -12.46% growth in sales v. budget  
-0.71% growth in sales over 2018

FY2018 +\$233,924 +10.97% growth in sales v. budget  
+18.50% growth in sales over 2017

Projected/budgeted loss thru June FY2019: **-\$365,412.**

YTD Forecasted loss thru June **-\$388,000**

**Service Station Update**

*Actuals Verses Prior FY/YTD Reporting Period:*

Gasoline Sales **-12.49%**

Gallons **-9.19%**

Price/Gallon **-3.56%**

Repair Sales **+71.74%**

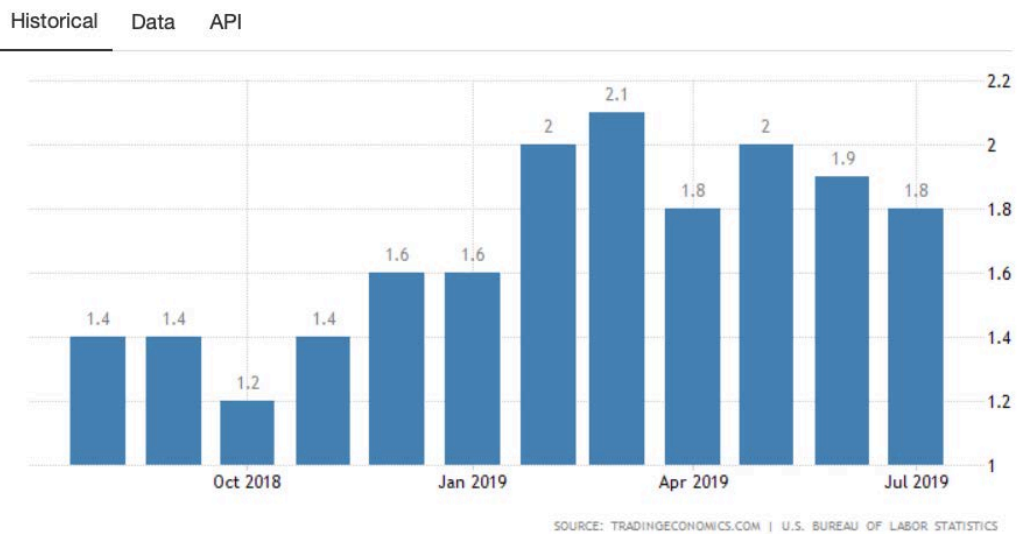
**Transaction Count and Basket Size**

For July, year-to-date consolidated transaction counts for the food stores were down 4,498 versus the same period in 2018. Basket size was higher by \$1.58, for an average of \$39.40.

The Hanover and Lebanon stores and the CCM are experiencing a decline in the number of transactions—3,012, 6,254, and 2,937, respectively. The White River Junction store is experiencing an increase in transactions of 7,705.

Basket size in each location has increased over the same period last year. Lebanon’s basket size is up \$2.22, for an average of \$47.89. Hanover’s basket size is up \$1.79, for an average of \$45.90. White River Junction’s basket size is up \$1.10, for an average of \$30.31. CCM’s basket size is up \$0.33, for an average of \$11.44.

**U.S. Food Inflation**



Cost of food in the United States increased 1.80 percent in July of 2019 over the same month in the previous year. Source: tradingeconomics.com.



Forecast Data API



SOURCE: TRADINGECONOMICS.COM | U.S. BUREAU OF LABOR STATISTICS

Food Inflation in the United States is expected to be 1.90 percent by the end of this quarter, according to Trading Economics global macro models and analysts expectations. Looking forward, we estimate Food Inflation in the United States to stand at 1.80 in 12 months time. In the long-term, the United States Food Inflation is projected to trend around 2.10 percent in 2020, according to our econometric models.

## STORE OVERVIEWS

### Lebanon Store Update

Below you will find focus items in the Lebanon store for the month of August. The goal is enhancing sales, supporting team building among employees, and promoting opportunities for customer engagement.

Areas of focus include:

- Continued hiring for critical areas in the store to create outstanding customer service and enhance productivity.
- Preparation for Producers Fair.
- Continued work on preparations for our annual Case Lot sale.
- Cross training throughout the store to build on staff knowledge and to comb at some of our staffing issues.
- Implementation of "The Buddy System" for new hires.
- Changeover to fall selling.
- Revamping daily sampling throughout the store.

### Hanover Store Update

Employees continue to operate the Hanover store very smoothly, solving all problems and challenges. This allows me time to work on Project Teams with impact for the Co-op.

Staff continue to implement Catapult systems with a team approach. They mentor and help each other as Standard Operating Procedures are created. They have moved forward together as a group, sharing information and bringing the Perishable Departments into the platform.

Perishables is requiring receiving skills to make Catapult work for their departments. They have done an outstanding job working through their challenges. More work to do but moving forward.

We are working to capture lessons learned from Catapult, putting them to use in making most employees comfortable using the systems.

Some departments have begun using data captured by Catapult to inform department performance.

We anticipate a busier than usual Member Discount Day prior to school starting.

Dartmouth freshman trips have begun, with staff putting together large orders. We have noticed new students with their parents checking out the Co-op for the first time!

### **White River Store Update**

We started off the month of August with our annual employee appreciation BBQ. In appreciation of everyone's hard work and dedication, all employees were welcomed with a free lunch that consisted of hot dogs, burgers, chips, beverages, watermelon slices, and ice cream.

Throughout the store, we continue to sell down our summer merchandise as we get ready to transition to a "Back to School" theme.

On Friday, August 23<sup>rd</sup>, shoppers/community members are welcome to join us for our Ice Cream with a Cop event. The event runs for approximately one hour from 2:30-3:30, with officers from the Hartford Police Department serving up ice cream treats out in the front of the store as a way to connect with residents and the community as a whole.

We continue to scan the horizon for qualified applicants to fill our open positions. Food service has proven to be the most difficult area to staff. However, we remain hopeful that somehow this will change

### **Community Market Update**

The end of summer is near and we are gearing up for back to school. We are also excited that the local growing season is now in full swing.

We have our first shipment of Asters from Plant Pantry at the store, and the mums should not be too far behind them.

Edgewater Farm is supplying us with the bulk of our local produce, and it is beautiful this year. Our one-person Produce Department has been working hard to keep stock rotated and bring in the freshest product possible. Our numbers are slowly ticking up to show that his hard work is paying off.

We are hoping to have our first Friday Fish Fry on August 30th. The plan is to have local corn on the cob, beer battered and fried haddock, Fsench fries, and coleslaw.

We are planning to do a deep clean and clear out our front vestibule at the end of the month. This will get us ready for the fall items that are sure to be heading our way in early September.



## **Co-op Kitchen Update**

Perhaps you are familiar with the old adage, “There’s more than one way to skin a cat?” The meaning is quite clear, but I find myself thinking, why would you skin a cat in the first place ... ?? Dan Rockwell, leadership coach, expressed the same idea quite differently last week. In his version, there’s more than one way to build a taco. Now THAT makes sense when I help team members figure out how to work together in the Kitchen. Does it matter if you constantly stir that beef for a taco? No. What does matter is making sure that you cook the beef to the proper temperature and wear gloves when you build your taco. An effective team recognizes when personal preferences are acceptable and when rules and regulations determine the best procedures.

Late summer usually brings a visit from the Health Department for our annual inspection. Under John’s direction, the team has been completely stripping walk-ins of product and shelves in order to do a thorough deep-clean. The results are impressive and we are committed to maintaining these spaces.

We are not considering going into the taco business but we are definitely at the midway point in the process of rebuilding our sandwich program. Just in time for the back-to-school season, the Kitchen will be introducing classic deli sandwiches. We’re swapping out the bread, adding some vegetables, and including condiment packs for a complete grab-and-go experience. Look for some new items as the program unfolds.

If you happen to attend one of our Friday huddles, you might hear us discussing opportunities to address the problem of food insecurity. During July and August, the Kitchen team donated \$90.00 (which was generously matched) to the Haven and also provided 180 individual snacks and drinks for the Take A Bite out of Hunger summer backpack program.

## **Service Station Update**

We are working on streamlining the work schedule in Hanover as we are currently booking out three weeks into early September. Other areas of focus include:

- Attending training in California at Falken Academy at the end of Month.
- Getting prepared for fall tire season and undercoating.
- Working on open-book training with employees so they can see how the work they do ties into the goals that have been set for the business.

## **Merchandising Update**

Our Merchandising and Inventory Control teams are currently focused on finalizing product selection and promotions for the fourth quarter holidays and planning our annual Case Lot sale event in early October. Additionally, we are continuing to streamline our database for Perpetual Inventory.

We have nearly all of our vendors on Perpetual Inventory at this time. The remaining vendors are active only on a seasonal basis or sell us product that will not be maintained through Perpetual Inventory. We are working with our Produce, Meat/Seafood, Prepared Foods, and Floral departments, where the unique

products we offer in the areas require some additional planning and training to make Perpetual Inventory successful.

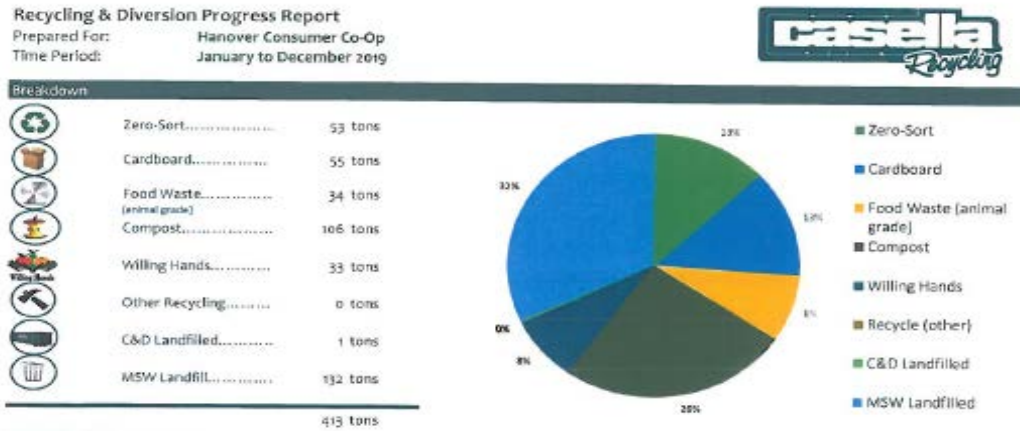
We currently have 11 vendors set up for Demand Fill auto order and three additional vendors planned for later this year. These additional vendors represent a significant portion of our sales in several departments, thus we will approach activating auto order for these vendors with careful consideration to what we've learned with our smaller auto order vendors.

On Saturday, August 10th, we held our annual Producer's Fair sampling event at the Lebanon location. We hosted 27 local producers from New Hampshire and Vermont. We also hosted a local bluegrass band and a local storyteller as part of our kids entertainment. Despite some wind and occasional rain, the event was well attended and provided a good opportunity for Co-op members to meet our local vendors.

We are in the midst of planning for our annual Case Lot sale October 3rd through 5th. The teamwork and organization that our team and many others put into this major event has led to many successful sales events in the past. We are on track for another successful event this year!

We are in the midst of the very busy local produce grower season. We are currently buying at least 90 varieties of fresh fruits and vegetables from 13 local growers.

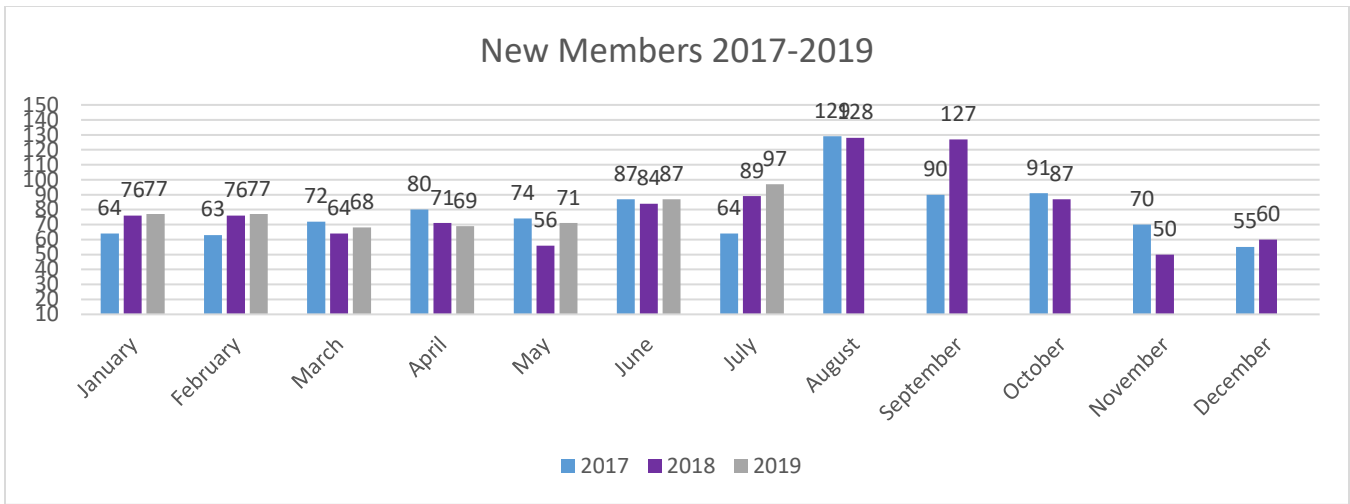
### Recycling and Diversion Report



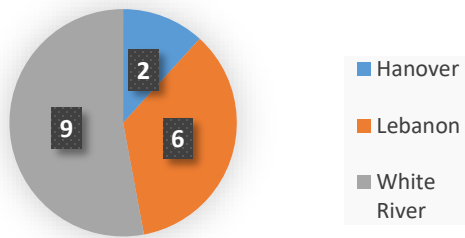
### MEMBERSHIP

#### 2019 January-July

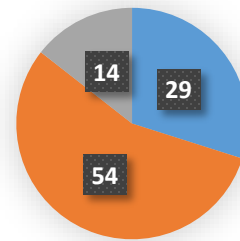
	<i>New Members</i>	<i>Cancellations</i>	<i>Net Change in Memberships</i>	<i>Cancellations from clean-up</i>
January	80	15	65	
February	77	12	65	117
March	68	11	57	25
April	69	15	54	23
May	71	14	57	2
June	87	24	63	0
July	97	29	68	0
<b>YTD</b>	<b>549</b>	<b>120</b>	<b>429</b>	
<i>2018 YTD</i>	<i>516</i>	<i>100</i>	<i>416</i>	



**New Subscribers by Location**  
July



**New Members by Location**  
July



**PENNIES FOR CHANGE**

Total Member Donations Since June 2016: \$757,157.78

Total Collected July 2019: \$13,316.09

Total Collected in 2019: \$115,458.37

**July Food Access Recipients**

Listen: \$2,663.22

Haven: \$2,663.22

Willing Hands: \$2,663.22

**July Community Partners**

Good Neighbor/Red Logan: \$3,994.83

Grafton County Senior Citizen Council: \$1,331.61

**HUMAN RESOURCES**

**Compensation Plan**

July saw 6 new hires, 8 promotions and 35 merit raises across all locations, with White River Junction topping the list at 26.

**Business Continuity Plan**

Arlene Silva, our business continuity consultant, has been hard at work setting up the next phases of the plan. HR is working with IT to develop ways to keep employee data current in the new communications software. In an emergency, should we need to notify some or all of our employees about a business interruption or other event, we will have the most current data in the system.

**Recruiting**

In an effort to streamline our hiring process, we have made the decision to roll the phone based prescreen, performed by the HR team, into the online application so that when an application is received by the hiring manager, he/she may reach out to the applicant more quickly, without having to wait until the prescreen has been completed as it may take multiple days to connect with the applicant. The prescreen questions are now included as part of the paper applications as well. Paper applications need an additional step as they are sent to HR from all locations where they are logged in and then sent to the appropriate hiring manager. While this process may not be as immediate as the online process, it does cut down on the time it takes for the hiring manager to be able to schedule an interview should one be desired.

In July, we welcomed our new Employee Learning and Development Manager, Robert Vear, who replaced Paul Lambe. Paul left his full-time position at the Co-op at the end of June to move to Massachusetts to be closer to family.

**Employee Survey**

The Employee Survey launched on Monday, July 8<sup>th</sup>. As this is vacation season, the survey has been extended until August 17<sup>th</sup> so that all employees may have a chance to participate. This survey is a repeat of the one we used last year in association with Great Place to Work and will be carried out in the same manner with one log on for all employees. The results will be made available in August.

**PUBLIC & GOVERNMENTAL AFFAIRS**

In my June and July reports, I provided greater detail on a single topic (rather than the short descriptions on a wide range of work I've offered in previous months). In keeping with that latter approach, I am sharing the remarks I gave when our cooperative hosted Vermont Governor Phil Scott's *Capital for A Day* visit to Windsor County. As you review my welcome to the governor, you will see that my intent was to share with him a snapshot-view of the Hanover Co-op's Vermont impact. And, of course, within the three minutes I was given to speak, my goal was to help each attendee gain a better sense of our community-owned business. In an effort to refrain from overloading this board packet, I have not provided the "fast facts" or the editorial referenced within, but would be happy to provide those to any board member upon request.

*[Remarks]*

I'm Allan Reetz, Director of Public and Government Affairs for the Hanover Consumer Cooperative Society – our business is better known as the Hanover Co-op Food Stores and Auto Service Centers.

On behalf of our General Manager Ed Fox, I welcome each of you to this morning's session.

My thanks to Kyle Fisher, Executive Director of Listen Community Services for allowing us to use this space. Like the Hanover Co-op, Listen has New Hampshire roots and Twin State impact.

With the Hanover Co-op acting as host of this morning's session, I have the opportunity to share some Vermont facts about our cooperative. But first, I have an announcement: MacLennan Corn is in at the Co-op! For the locals in the room, that's all I need to say...MacLennan Corn. Picked fresh this morning from Alex's fields in Windsor, *it is the taste of summer*.

Alex is one of the many farmers who are doing the hard work for New England agriculture. For our cooperative, it is our responsibility to be a reliable partner to Alex and other producers.

In fact, every February, we actually plan the summer's harvest with area farmers. We've been doing that for more than 20 years. Some credit that Hanover Co-op meeting as key to the growing stability of agriculture in this region.

Over there on that display,\* is a 2017 list of food producers and farmers who bring us their best. That is a tough list to keep up-to-date. I don't think we even have Larson Farm and Creamery from Wells, Vermont on there yet. The Larsons run a grass fed dairy. That milk over there on the side table comes from them. Enjoy some in your Vermont roasted coffee, along with those Vermont baked goods and maple syrup.

Our business seeks to act on issues of concern for our region.

Among those, we pay close attention to the erosion of the meaning of "local food." Attached to the fact sheet I'll be sharing with each of you is an op-ed I submitted to The Packer, a national produce publication. I felt it important to respond to their recent editorial suggesting the term "local food" needs a "more lax definition." You can read my disagreement.

During a recent visit and store tour by Vermont agriculture secretary Anson Tebbetts, it was clear he and I are very much on the same page on that topic

Here are the basics of the Hanover Co-op and its *Vermont commitment*, some of which may surprise you:

- Founded in 1936, today, our \$75 million business is the second largest food co-op in the U.S., behind Puget Consumers Cooperative in Seattle.
- We have owned land on Route 5 in Norwich since 1973. That property has been the home to the Norwich Farmers Market since 1977.
- In 2000, we opened our Co-op Kitchens in Wilder – this bustling facility is run by Joi Purrell, who is here with us this morning. Twenty-two of her twenty-three employees are Vermont residents, and they prepare and donate more than 1,200 meals to Listen each year.
- 2010 saw our deepening commitment to Vermont with the opening of our food store just a couple blocks from here. When P&C went bankrupt, we stepped in and hired back nearly all of the staff including store manager Cathy Moloney, who joins us this morning and continues to run this town's full-service grocery store. That deal was brokered by Bob Haynes.
- In January of this year, we opened a second auto service center – this one in Norwich, and hired six new employees. Manager Jimmy Kidder (also here with us) and his team have just begun a new

community service program in conjunction with the team at LISTEN, whereby our Hanover Co-op team will repair the cars of people in need.

- And our new administrative offices just up the hill in the Gilman Complex opened in May and add another 40-plus jobs to the Vermont rolls. This Resource Center is ideally suited for our comprehensive internal training programs for employees. With our new offices and service center, our Vermont payroll jumps by \$3.1 million to over \$5.2 million.

In closing, let me emphasize that *there is NO cooperative without community*. This morning's gathering and the residents and business leaders here represent some of the deep value we have found in Windsor County. These people are part of the reason *why* the Hanover Co-op is bullish on Vermont.

There is always work to do, and we're here for the long-haul.

Governor Scott, thank you for joining us. The rest of the morning belongs to you and your team.

*\*(We had on display a large poster that showed a list of 320 local and regional producers farmers who bring our cooperative about 4,000 products.)*

## **OUTREACH AND MEMBER SERVICES**

This month the Outreach team was out and about engaging with the community at a variety of events. We hosted a fundraiser at a Nighthawks game, supported our fellow cooperators at VSECU with their Point-to-Point event to benefit the VT Foodbank, and hosted kid's activities for our co-op's own Producers Fair! Meanwhile, the Education team has been very busy inspiring young chefs at the CLC in our popular (and full!) kids camp programs. Member services has been busy processing information and updating the database with a variety of changes sparked by our patronage letters. Marketing has been busy with a variety of campaigns, including a new focus on promoting employment at our co-op. Lastly, the co-op's Green Team has been working on reducing plastics throughout the stores and has several programs for employees running. They also introduced a new Co-op reusable bag available for purchase, made from up-cycled plastic wrapping from DHMC.

Here are some other highlights from the month:

- Pennies for Change partners have been selected through the end of 2019.
- HCCF grant applications are now available.
- Final revisions are being made to the customer survey, which will run in September.
- Member Services and IT are beginning technology explorations to measure engagement and improve member database.
- Untapped promotions wrapped up in August.
- Employment marketing program is underway.
- Large radio campaign and giveaway begins in August.
- New CLC calendar is out for Fall 2019.

**GENERAL MANAGER**

- Attended New Employee Orientation lunch: July 8th
- Provided Organization Consulting for GM at Twin Cities Co-op: July 15th
- Attended Ice Cream with a Cop, Lebanon Store: July 17th
- Met with Executive Director of The Vermont Business Roundtable: July 18th
- Met with Executive Director of National Youth Corp: July 18th
- Attended Vermont Businesses For Social Responsibility gathering: July 18th
- Attended New Employee Orientation lunch: July 22nd
- Attended Willing Hands Open House: July 22nd
- Met with HCCS Board President: July 23<sup>rd</sup>
- Met with HCCS Garden Club: July 24th
- Met with Upper Valley Market Study Consultant: July 25th
- Attended/participated in HCCS Board of Directors meeting: July 25th
- Attended/participated in Listen Board of Directors meeting: July 25th
- Met with City of Lebanon Landfill Director: July 26th
- Conference Call with ED of Neighboring Food Co-op Association on planning 2019 annual meeting: July 30th
- Attended VT governor's Scott's "Capital for a Day" (hosted by the HCCS): July 30th



## APPENDIX B

### 2019 Board of Directors Calendar

#### Board Meetings

September 25	Board of Directors Meeting, 6:00 p.m., Co-op Resource Center, 224 Holiday Dr. White River Junction, VT
October 23	Board of Directors Meeting, 6:00 p.m., Co-op Resource Center, 224 Holiday Dr. White River Junction, VT
November 20	Board of Directors Meeting, 6:00 p.m., Co-op Resource Center, 224 Holiday Dr. White River Junction, VT
December 18	Board of Directors Meeting, 6:00 p.m., Co-op Resource Center, 224 Holiday Dr. White River Junction, VT