

Chico Natural Foods  
Board of Directors Meeting  
Wednesday, August 26<sup>th</sup>, 2009  
The Nature Conservancy, 500 Main Street

**July Action Box**

Duty	Who	Deadline	New Policy?
Resend Ombudsman's description	Carolyn	A.S.A.P.	
Research about student discount data (Jun – Oct/Nov)	Liza	Report in mid-November	
Audit quotes and audit information	Carolyn, Liza	Report by 9/30 BOD Meeting	
Ask NCGA auditors about a general audit	All	A.S.A.P.	
Get real estimate on the roof	Liza	A.S.A.P.	
Evaluate and get rough estimates on repairs	Facilities Manager	A.S.A.P.	
Piro's Orientation	Any	A.S.A.P.	
Research about Google Calendar	Estella, Carolyn	A.S.A.P.	

**Attendees:**

Peter Ratner, Carolyn Mullin, Dale Rudesill, Scott Richman, Liza Tedesco, Piro Ishizaka, Mike Skram

*Absent* – Luisa Garza, Pamela Downer, Nina Gregory

**Opening Procedures**

- Peter (in lieu of Luisa) reminded all Board members to turn in time log to Liza.
- Approval of Agenda: Scott made a motion to change “Employee Wage Vote” to the new business portion of the agenda. Dale seconded. All in favor. Dale made a motion to add: “Piro’s orientation” and “Meeting schedule” to new business of the agenda: consensus.
- Approval of B.O.D. July minutes: Dale motioned to see the minutes after Carolyn revises it with comments that are unincorporated. Peter seconded; all in favor.
- Notes from Board Members: Since Liza had to leave early, Scott can speak on behalf of her should we not reach to employee wage vote.
- Decide on Facilitator and Process Guardian

Process Guardian: Scott

Facilitator: Dale

**Comments from Public:**

- No other attendees.
- Employee liaison ombudsman, Mike Skram: Mike has not heard anything from employees regarding the wage proposal. He looks forward to the ombudsman job description so he knows his responsibilities. Even with the suggestion box, he has only

gotten three suggestions with little constructive values. He believes the job description should be posted in the break room in case other employees forget. Even though no desperate need from employees is a good sign, the board wants to let them know there is this channel of communication and information open to them.

## **Reports**

- **GM's report**

Attachment 1: June GM's Report

- Dale thought it was concise and easy to read.
  - Liza has felt a great sense of excitement within the store because of the upcoming NGCA audit and the store's potential. The store looks good and she enjoys this feeling.
  - Please erase the incomplete bullet under Gross Profit, it was a typo.
  - Dale observed positive impact from the survey and the upward trend in finance. Liza said that this trend is likely to continue, since we have a knowledgeable and solidly placed staff. July is a slower month, and this is expected to change once school begins.
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- **Liza and Scott's student discount report**

Scott would begin by writing a report about the background of student discounts since the store hasn't experienced the whole impact on the discount. This would change once the students bring in schedules, but these discounts could be from seniors and students. NCGA discouraged the 5% discount as it was too much, while S&S offers a 10% discount for seniors; thus, the conflicting issue of discount percentage becomes important when the board considers the whole issue. Currently, we have student, senior, and economy (which few people have); a disabled discount could be a potential discount for the future.

According to the bylaws, the board can change the discount percentages if it feels discount is greater than total sales. The board should let the new marketing employee observe and record for a couple of months to make a decision about the amount of discount. Carolyn questioned this suggestion. Janae is the intern for this position, but Carolyn does not know whether it is worthwhile to chart the data for couple of months.

Liza replied that since we have not had a marketing person to take care of promotions, she would like to see a fact sheet. She felt confident about the work because we haven't realized the potentials of student memberships. We can do a sliding scale of discounts: 3% student, 4% economy, 5% senior. We should give the marketing position a little chance. We can do a survey with the front end cashiers.

Dale was concerned with the effect of student discounts. He wanted to know if the store would lose money, break even, or profit. It will either break even but bring in volume of shoppers or increase sales and shoppers, but he needs basic information to make a decision. Liza said it will be worth it if sales go up. The effects will be more apparent as we are giving away more discounts.

Piro asked if this is worth our incentive. Would the loss of five percent be made up by the increase of 5% in sales? Since we have no information, she would not recommend making a decision right now. She suggested tracking student activities and the number of students and raising awareness through marketing. In addition, she said demolishing the discount and reinstating it 6 months later would not work. Scott added that sales from discount do not break even.

Mike asked how much profit CNF makes when a student spends 10 dollars: Scott answered \$3.80, but the total expenses could be 38% of the sales and then we would end up with -1%.

**---- Hold: Employee Wage Vote ----**

Dale announced the amount the wage proposal must not exceed: \$725,000. This number resulted from Liza, Rick, and Scott's hard work. Liza said this accounts for the marketing coordinator, all wage adjustment for everyone in every department, and a few longer part-time jobs in certain departments. This is an overstated number as we want to pad ourselves with breathing room. Dale proposed to approve the wage increase not to exceed that amount, Carolyn seconded. Scott abstained.

Key findings from the NCGA audit will be reported on Friday. Two auditors will do a presentation on Friday, Aug 28<sup>th</sup> in the Purple Loft from 11am – 1pm.

**---- Return: Student Discount ----**

Dale said this could be complex, but he does not know enough about it. Peter did not think people are here for the 50 cent discount they get with a 10 dollar purchase. He thinks this involves the growing popularity of locally grown sustainable food. In the long run, we should give the perception without taking something away from people. Piro warned that we still need data in order to make a wise decision.

Dale proposed to ask management to come up with a recommendation and rationale with numbers to support this recommendation. However, the Board cannot request, and we can only ask Liza to come up with these numbers. Dale also said a committee is needed for Piro's helpful suggestions. But the bottom-line is: Are the people with discounts coming in because of the discount? We can ask students on campus.

Carolyn thought the numbers are subjective and would not really tell much about the situation. Piro said we should be analyzing numbers to consolidate the next step. We need to know the number of student discount holders there are right now and the changes of sales throughout the beginning of first semester. Is total sales important and do we need to spend time on it? We also need to determine how important student discount is in relation to the whole picture and if there are any marketing efforts planned between August and September.

Carolyn thought the finance committee and MSMC would be fitting for this investigation. Piro volunteered to be on this taskforce. The board requests Liza to report student discount data in mid-November (3 months from now), including those in June and July.

- **Audit Report**
- No physical report this month.
- According to Carolyn, most boards have a standing audit committee and audit every year. It may be a good idea to get one since we are moving onto a new phase. She will be getting quotes for an audit.
- Scott said the last audit was done 6 – 10 years ago, and the law does not require us to

- get one every year.
- Ask NGCA auditors about this.
- Mike wanted to know if loan institutions accept our audit or if they would conduct one on their own. Piro agreed to ask lenders first, but she also supports the idea of an audit.
- This audit would look for embezzlements and discrepancies in accounts.
- **Building Inspection Results**
- Peter expressed his satisfaction of the state of the store – it is better than he thought. The results need to be reviewed by Sutti. Sutti and Hignell should also give us estimates on repairs.
- Dale requests Liza to get a real estimate on the roof, give the new facilities person a chance to evaluate the inspection items on the list and get a rough estimate on all the repairs from Hignell or other trusted companies.

### **Committee Updates**

- **Finance** – No report. Discussed building inspection and wage proposal. Also did visioning.
- **Strategy**
- **Survey** – Dale has great operational questions from different co-ops and would like to see put them on the survey but he felt this survey needs to follow our policies. With the policies established, we can determine which questions are priorities. He recommended brainstorming policy ideas before creating a survey.
- Since we are rebranding with Sutti, we need new policies for the store and the public. Everyone has concerns and we want to look at all factors and balance it.
- Peter recommended to continue this brainstorming in the working meeting

### **Old Business**

- **Time Clock** – A time clock has been decided and will be installed soon. For a short period of time, both time clocks will run simultaneously. Pam was absent so this was not discussed in detail.

### **New Business**

- **Employee Wage Vote** – See above.
- 2. **Animal Welfare Standards** – See policy.
- 3. **Meeting Schedule** – Location TBA. Dale and Nina will be absent at the next working meeting. Please check with Liza
- 4. **Piro's Orientation** – Piro needs a manual and an orientation. Anyone can do this. Piro would like to be involved with the finance committee.

### **Comments from Attendees:**

Mike Skram: He has been getting constant complaints about the late postings of agendas and minutes, which is a violation of the bylaws. The postings are done haphazardly or not done at all, and the break room board only has a list of meetings for the year. Estella will email Mike Skram to ensure timely postings.

Scott motioned to adjourn at 8:22. Carolyn seconded, all in favor.

**Meeting adjourned.**

Meeting Minutes by: Estella Lai

First edition completed on 8/29/2009.