

**FIDDLEHEADS NATURAL FOODS
COOPERATIVE**

**BOARD OF DIRECTORS
MEETING PACKET**

**Meeting date:
October 18, 2016**

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Agenda

AGENDA
FIDDLEHEADS BOARD OF DIRECTORS MEETING
October 18, 2016
6:30-8:30 PM
105 Huntington Street, New London

Time	Topic	Resource	Action/Outcome	Leader
6:30 (5)	Meeting Preamble <i>Each of us is a member of the coop community and has been elected to be a leader in serving our members. May we conduct this meeting by empowering each other, treating each other with kindness, and maintaining an atmosphere of mutual respect.</i> Check-in	Agenda	Convene/Focus	President
	Agenda Review	Agenda	Make adjustments	President
	Owner Comments		Listen	President
6:35 (5)	Approve Draft Minutes of September 27, 2016	Packet	Approve	Secretary
6:40 (5)	Consent Agenda <ul style="list-style-type: none"> • Member Equity Refund Requests (as needed) • Revision of Monthly Workflow Document 	Each item in packet	Approve Discuss/Approve	GM President
	Discussion of Items removed from Consent Agenda	See above	Discuss/Approve	TBD
	Executive Session NONE			
6:45 (20)	Discussion of Preparing for Strategic Planning – Developing a Vision	Reading in packet	Discuss	President
7:05 (10)	GM Monitoring Reports <ul style="list-style-type: none"> • B1–Q2 Financial Condition (carry over from Aug/Sept) 	In packet	Discuss/Approve	GM
(10)	<ul style="list-style-type: none"> • B2–Planning and Budgeting 	In packet	Discuss/Approve	GM
(10)	<ul style="list-style-type: none"> • B6–Staff 	Tabled		
7:35 (10)	Committee/Task Force <ul style="list-style-type: none"> • Nominations <ul style="list-style-type: none"> o Post-Process Eval 	In packet	Discuss	MHB/HB/KG
(10)	<ul style="list-style-type: none"> • Annual Meeting <ul style="list-style-type: none"> o Review Proposed Charter o Set Date 	In packet	Discuss/Approve	DS/CW/EC
7:55 (10)	Discussion/Action Items <ul style="list-style-type: none"> • Board Monitoring – C4 Meetings 	In packet	Discuss	Vice President
(10)	<ul style="list-style-type: none"> • 2017 Annual Calendar 	In packet	Discuss/Approve	President
(20)	<ul style="list-style-type: none"> • New GM Quarterly Check-In 	See packet	Discuss	President
(10)	<ul style="list-style-type: none"> • CBLD Contract for 2017 	In packet	Discuss/Approve	President
8:45 (5)	Owner Comments			
8:50 (5)	Closings <ul style="list-style-type: none"> • Determine use of CDS call (if any) • Review tasks for next meeting and other dates Adjourn Meeting			President Secretary

BOARD PACKET CONTENTS:

- Meeting Agenda (Sue and Elisa)
- Draft Minutes of September 27, 2016 Meeting (Danny & Elisa)
- Member Equity Refund Request (as needed) (Lexa)
- Revised Board Workflow Document (Sue and Elisa)
- Article from CDS/CBLD on Strategic Planning (Sue)
- Monitoring Report Decision Tree (Elisa)
- GM Monitoring Report Policies B1, B2, and B6 (Lexa)
- Committee Notes/Minutes
 - Nominations – Post Process Review (Kelleen)
 - Annual Meeting – Proposed Charter and Date (Danny/Carolyn/Ellen/Lexa)
- Output for Board Monitoring of Policy C4 -- Meetings (Helene)
- 2017 Board Calendar DRAFT (Sue and Elisa)
- Guiding questions for GM Check-In (Sue)
- CBLD Contract for 2017 (Sue)
- Draft Agenda for November 15, 2016 meeting (Elisa)

Preview of Future Agenda Topics:

November

- Board Member Self-Evaluation (Helene?)
- Board Budget

December

- Convene GM Eval Committee



Meeting Minutes

Minutes

September 27, 2016

DRAFT

FIDDLEHEADS BOARD OF DIRECTORS Minutes of Board Meeting of September 27, 2016 105 Huntington Street, New London

I. CALL TO ORDER, ATTENDANCE, ANNOUNCEMENTS

A. Call to Order

Susan Phillips called to order a monthly meeting of the Fiddleheads Board of Directors at 6:32 p.m. on Tuesday, September 27, 2016 at 105 Huntington Street, New London, CT.

B. Attendance

The following Board members were present:

Susan Phillips, President
Helene Bardinnet, Vice-President
Danny Spurr, Secretary
Susan Zimmerman, Treasurer
Carolyn Wilson
Ellen Clinesmith
Kelleen Giffin
Rachel Black

The following Board member was absent:

Mona Harmon-Bowman

The following additional persons were present:

Lexa Juhre, General Manager
Elisa Giommi, Board Administrator

C. Check-in

There was an event at the South County Food Co-op in Wakefield, RI on Thursday that people were invited to attend. There was a brief report on Helene and Susan Zimmerman's visit to the Blue Hill Co-op in Maine, where former Fiddleheads Interim GM, Wyrston Estis is currently Interim GM.

D. Agenda Review

The Workflow table, and the revised B1 Q2 report were tabled. Scheduling of a field trip to the Willimantic Food Co-op was added to the Closings section of the agenda.

E. Owner Comments

No owner comments

II. MINUTES OF AUGUST 16, 2016 BOARD OF DIRECTORS MEETING

Motion to approve the minutes of the August 16, 2016 Board of Directors Meeting with amendments noted:

Motion: Susan Zimmerman

**FIDDLEHEADS BOARD OF DIRECTORS
Minutes of Board Meeting of September 27, 2016
105 Huntington Street, New London**

Second: Helene Bardinet
All in favor with Carolyn Wilson abstaining

III. CONSENT AGENDA

There were three member equity requests from Katie Baldrige, Ernestine Cosenza, and Elizabeth Gonzalez.

Motion to approve the Consent Agenda:

Motion: Susan Zimmerman

Second: Ellen Clinesmith

All in favor

V. EXECUTIVE SESSION

There was no motion to enter Executive Session. The minutes of the Executive Session of June 21, 2016 were approved in regular session.

Motion to approve the Executive Session minutes of June 21, 2016:

Motion: Helene Bardinet

Second: Rachel Black

All in favor with Ellen Clinesmith abstaining

VI. DISCUSSION OF NEXT STEPS POST BOARD RETREAT

A summary of September 10, 2016 Board Retreat Generated Data was passed out to the Board at the meeting with some of the brainstormed Ends activities and next steps.

After some productive discussion, it was generally agreed that a strategic planning process needed to begin, but that patience would be needed while the new GM settled into her role and Co-op finances were solidified. Many of the Ends activities related owner education, such as posting the store's ends, can be implemented operationally. There was interest in conducting an owner event where owners could engage in the KJ technique, as was conducted at the Board retreat, to find alignment regarding Ends.

Next steps in the Strategic Planning process:

Discussing the Strategic process with CDS consultant, Jade.

Potentially conducting a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis.

Speaking with Willimantic Food Co-op regarding involving owners in the strategic planning process.

Further discussion at the next Board meeting.

VII. GM MONITORING REPORT

Lexa noted that it may be a challenge to complete both B2 and B6 monitoring reports for October.

A. B1-Q2 Financial Condition Report - tabled

**FIDDLEHEADS BOARD OF DIRECTORS
Minutes of Board Meeting of September 27, 2016
105 Huntington Street, New London**

B. B7- Board Communication

Global Policy: Executive Limitations B7 - Communication to the Board

The General Manager shall not cause or allow the Board to be uninformed or unsupported in its work.

1) The GM will not submit monitoring reports that are untimely or inaccurate, or that lack operational definitions and verifiable data directly related to each section of the policy.

Conclusion: Not in compliance, plan in place

All reports have been submitted on time, but the May, June, July, and August reports all required additional work or correction before being accepted by the Board. All revised reports were very positively received by the Board. These compliance issues can be attributed to the new GM becoming better acquainted with monitoring process and she is working to increase the accuracy and clarity of her reports.

2) The GM will not fail to report any actual or anticipated noncompliance with any Board policy, with a plan for reaching compliance, in a timely manner.

Conclusion: In compliance

3) The GM will not allow the Board to be unaware of relevant legal actions, media coverage, trends, public events of the Cooperative, or internal and external changes.

Conclusion: In compliance

4) The GM will not withhold his/her opinion if the GM believes the Board is not in compliance with its own policies on Governance Process (Policy C1) and Board-Management Delegation (Policy D3) particularly in the case of Board behavior that is detrimental to the work relationship between the Board and the GM.

Conclusion: In compliance

5) The GM will not deal with the Board in a way that favors or privileges certain Board members over others except when responding to officers or committees duly charged by the Board.

Conclusion: In compliance

6) The GM will not fail to supply, for the Board's consent agenda, all decisions delegated to the GM yet required by law, regulation, or contract to be Board approved.

Conclusion: In compliance

Motion to approve the GM monitoring report B7- Board Communication, with acknowledgment of non-compliance in sections noted:

Motion: Ellen Clinesmith

**FIDDLEHEADS BOARD OF DIRECTORS
Minutes of Board Meeting of September 27, 2016
105 Huntington Street, New London**

Second: Kelleen Giffin
All in favor

C. B8- Board Support

Executive Limitations B8 - Board Logistical Support

The General Manager shall not allow the Board to have inadequate logistical support.

1) The GM will not provide for insufficient staff administration to support governance activities and Board communication.

Conclusion: In compliance

2) The GM will not allow Board Members to be without an updated copy of the Policy Register and the Bylaws.

Conclusion: In compliance

3) The GM will not provide inadequate information and notice to members concerning Board actions, meetings, activities and events.

Conclusion: In compliance

4) The GM will not allow insufficient archiving of board documents

Conclusion: Not in compliance, plan in place

Board archives are not currently maintained and administered by the GM or the co-op's System Administrator. Lexa will work with the Board Secretary and Board to relocate and secure Board documents on the Co-op's administered system.

A meeting will eventually be organized with Lexa, Danny, Susan Phillips, Susan Zimmerman, and Elisa to discuss securing confidential documents.

Motion to approve GM monitoring report B8- Board Support, with acknowledgment of non-compliance in section noted:

Motion: Susan Zimmerman
Second: Kelleen Giffin
All in favor

VIII. COMMITTEE/TASK FORCE

A. Nominations Committee

The after action survey will be sent our Thursday or Friday. It will be sent out to the Board, all Board candidates, former IGM Wynston Estis, and Lexa, who can provide it to staff as necessary.

B. Annual Meeting Committee

DRAFT

FIDDLEHEADS BOARD OF DIRECTORS Minutes of Board Meeting of September 27, 2016 105 Huntington Street, New London

A draft charter was provided to the Board. The Board provided input and some revisions to the draft charter. An amended charter will be brought to the next meeting for approval. The proposed date for next year's Annual Meeting is Sunday, May 21, 2017, but this date has not been finalized.

C. Member Engagement Committee

This committee no longer exists.

Motion to Eliminate the Member Engagement Committee

Motion: Ellen Clinesmith

Second: Carolyn Wilson

All in favor

IX. DISCUSSION/ACTION ITEMS

A. Board Budget

The Board Budget for 2016 totaled \$28,765. And there was a proposed Budget number for 2017 of \$25,000. The benchmark for a Board Budget is 1% or 2% of sales, which both numbers fall well below. There was a discussion of Annual meeting expenses as well as how many Board members should be budgeted for attending CCMA. In discussing the \$25,000 figure for next year's budget, \$25,000 could potentially be too little, but \$30,000 was seen as too much. There was also a discussion of whether director discounts could be tracked and whether this should show up as a Board expense. Lexa would be able to generate these numbers, though it was generally concluded that, though it may be useful to be aware of these numbers, they probably should not be included in the Board Budget.

Motion to accept Board Budget reconciliations for 2016:

Motion: Kelleen Giffin

Second: Rachel Black

All in favor

B. Bylaw Revision Committee

It was decided that Board energy would be better spent on other issues at this time.

C. Annual Financial Review

On recommendation from Lexa it was concluded that an Annual review and observed inventory would be conducted at the end of 2016, but that an Internal controls assessment was premature at this time and would be more appropriate after Quarter 1 of next year. These steps should allow for a potential audit at the conclusion of 2017.

Motion to conduct an Annual review and preparation of tax returns by Wegner CPAs at the end of 2016 and an observation of inventory at the end of 2016:

Motion: Danny Spurr

Second: Carolyn Wilson

**FIDDLEHEADS BOARD OF DIRECTORS
Minutes of Board Meeting of September 27, 2016
105 Huntington Street, New London**

All in favor

D. Starting 2017 Annual Calendars

There was discussion about whether to eliminate the owner engagement row of the calendar, as there was nothing current to put on that line. It was agreed that the line would be kept and regular communication with members should be a goal. It was also suggested that the calendar be kept up to date and that updates to the Board Calendar be dated, so that Board members can be assured they are using the current version of the calendar.

Elisa will help Susan Phillips in developing the 2017 Board Calendar.

E. Board Monitoring Reports

It was noted that the calculated averages on the reports were incorrect [scores noted in these minutes are corrected]. It was requested that potential actions or plans to address policy adherence be reflected in the minutes.

1. Board Monitoring Report C2- The Board's Job

C2.I Create and sustain a meaningful relationship with member-owners.

Adherence to policy score (1 to 5 scale, ascending): 2.88

Results of the report showed a need to improve in this area. It was noted that Board-owner relations are currently being discussed as part of the Board's strategic planning process.

C2.II We will hire, compensate, delegate responsibility to, and hold accountable a General Manager. (See D. Board GM Relationship Policies)

Adherence to policy score (1 to 5 scale, ascending): 4.25

C2.III We will use a strategic process to establish the value of GM compensation, and complete this process in a timely manner.

Adherence to policy score (1 to 5 scale, ascending): 3.6

There was some confusion about how this strategic process was to be conducted, as many Directors have not gone through this process before. It was noted that the Board will have better clarity on this issue when it conducts its GM evaluation in January.

C2.IV We will have expectations in the form of written governing policies that realistically address the broadest levels of all organizational decisions and situations. We will write these policies in the form of Ends (Policy A1), Executive Limitations (Policy B, et seq.), Board Process (Policy C, et seq.) and Board-Management Relationship (Policy D, et seq.), as described in the Policy Governance principles.

Adherence to policy score (1 to 5 scale, ascending): 4.14

C2.V We will assign responsibility in a way that honors our commitment to empowerment and clear distinction of roles.

Adherence to policy score (1 to 5 scale, ascending): 3.71

There was some clarity sought on the distinction of roles. It was noted that this policy applies to committees, or anyone else to which the Board assigns responsibility, as well as the GM.

**FIDDLEHEADS BOARD OF DIRECTORS
Minutes of Board Meeting of September 27, 2016
105 Huntington Street, New London**

C2.VI We will rigorously monitor operational performance in the areas of Ends and Executive Limitations, and Board performance in the areas of Board Process and Board- Management Relationship.

Adherence to policy score (1 to 5 scale, ascending): 3.85

There was some clarity sought on what “rigorously” meant.

C2.VII We will perpetuate the Board’s leadership capacity using ongoing education, training and recruitment.

Adherence to policy score (1 to 5 scale, ascending): 4.13

C2.VIII We will perform other duties as required by the bylaws or because of limitations on GM authority.

Adherence to policy score (1 to 5 scale, ascending): 3.75

There was a general lack of understanding as to what this policy entailed. It was noted that this policy could be understood as a CYA policy covering legal loose ends for areas potentially not covered in the policy manual. It was also noted that it would be helpful to come up with a non-exhaustive list of duties which may fall under this policy.

Motion to approve Board Monitoring Report C2- The Board's Job:

Motion: Rachel Black

Second: Helene Bardinet

There was a discussion about whether Board Monitoring reports should be approved and what approval would mean. It was decided they do not need to be approved, but that the minutes would reflect that the report had been discussed.

Motion withdrawn.

Board Monitoring Report C2 was discussed.

2. Board Monitoring Report C3- Agenda Planning

Board Monitoring Report C3 was discussed.

C3-Global [C3-1 in Board Packet] We will follow a strategic multi-year work plan and annual agenda that focuses our attention upward and outward.

Adherence to policy score (1 to 5 scale, ascending): 2.29

This policy was not clearly understood. It was noted that the Board's Strategic Plan discussion has given some clarity to this policy, and compliance with this policy will further develop as this discussion is continued in future meetings.

C3.I [C3-2 in Board Packet] We will create, and modify as necessary, an annual calendar that includes tasks and events related to our multi-year workplan, membership meetings, Board training schedule, monitoring schedule, and the GM evaluation and compensation decisions as outlined in our Board-Management Relationship policies (Policy D, et seq.).

Adherence to policy score (1 to 5 scale, ascending):3.86

There was a general consensus that the annual calendar could be better kept up to date with updated versions being dated. The Board has started the process of creating a multi-year work plan, though

**FIDDLEHEADS BOARD OF DIRECTORS
Minutes of Board Meeting of September 27, 2016
105 Huntington Street, New London**

this will develop slowly, as the new GM settles in and the Co-op's finances continue to be put in order.

C3.II [C3-3 in Board Packet] Throughout the year, we will attend to consent agenda items as expeditiously as possible.

Adherence to policy score (1 to 5 scale, ascending): 3.57

C3.III [C3-4 in Board Packet] We will limit the amount of meeting time taken up by Executive Limitations monitoring reports, discouraging discussion unless the reports indicate policy violations, or the policy criteria themselves need review.

Adherence to policy score (1 to 5 scale, ascending): 2.88

This was seen as an area that could use improvement. The issue of expediting Board meetings was discussed at the Board's retreat, and measures are being taken to improve in this area, such as Director self-discipline in staying on topic, timing Agenda items, and resolving "weeds" issues outside of the meetings.

X. CLOSINGS

A. There is no NFCA fall gathering this year.

B. A field trip to Willimantic Food Co-op can be organized and a tour provided for those interested. Lexa has already been up with Susan Zimmerman to visit with their GM Alice. Rachel, Helene, and Lexa expressed interest in going. Interested people should bring some dates they are available to the Financial Training next week or Elisa can potentially send out a doodle.

C. Next Tuesday's Financial Training will start at 6 p.m. with food and proceed to the training at 6:30 p.m. Sue Phillips will look into potentially ordering food from Jasmine Thai for the event.

D. Two CBLD web events will be held on October 12th and October 19th both at 1 p.m. ET and are open to all Board members. Rachel and Susan Zimmerman are available on the 12th. Sue Phillips is available on the 19th.

E. No CDS call scheduled

F. Review decisions, tasks, and assignments

Schedule Willimantic Field Trip (Rachel, Helene, Lexa)
Meeting Agenda (Sue and Elisa)
Draft Minutes of September 27, 2016 Meeting (Danny & Elisa)
Member Equity Refund Request (as needed) (Lexa)
Retreat Next Steps (Sue)
Monitoring Report Decision Tree (Elisa)
GM Monitoring Report Policies B2, B6 (Lexa)
Committee Notes/Minutes
Nominations – Post Process Review (Mona)
Annual Meeting – Proposed Charter and Date (Danny/Carolyn/Lexa)
Output for Board Monitoring of Policy C4 – Governing (Helene and Elisa)
2017 Board Calendar (Sue and Elisa)
2017 Board Budget Draft (Susan Z.)

DRAFT

**FIDDLEHEADS BOARD OF DIRECTORS
Minutes of Board Meeting of September 27, 2016
105 Huntington Street, New London**

Draft Agenda for November 15, 2016 meeting (Elisa)

G. Adjournment

Motion to adjourn:

Motion: Ellen Clinesmith

Second: Rachel Black

All in favor

Meeting adjourned at 8:57 p.m.

* * * * *

Draft minutes prepared for submission to the board by Daniel Spurr/Elisa Giommi on October 3, 2016.

Minutes approved by vote of the Board on _____ and put into final form by Danny Spurr/Elisa Giommi on _____.

Confidential



Consent Agenda

- **Monthly Workflow**

Monthly Work Flow

Approved November 17, 2015

- Meeting
 - Recording Secretary takes minutes and prepares draft minutes within 1 week of board meeting
- 7 days after meeting
 - Draft minutes distributed to GM and Board President
 - GM and Board President have 7 days to review minutes & send any comments to secretary
- 14 days after meeting
 - GM and Board President input on minutes complete
 - Directors (and owners) may submit agenda topics to Board President up to 14 days prior to monthly meeting*
- 12 days before meeting
 - GM and Board President meet to discuss agenda, et al.
 - Board President sets agenda (*submitting a topic does not guarantee it will be on the agenda)
- 10 days before meeting
 - Board Administrator to post Meeting Notice at co-op and send to all Directors
 - Draft agenda distributed including posting on website for member-owners
 - Short window to make adjustments to the agenda if needed
 - Any information for the board to consider delivered to the Board President at least 1 week prior to the next meeting so that it can be included on the board packet
- 7 days before meeting
 - All packet material sent to Board President
 - Board President compiles and distributes packet of material
- 5 days before meeting
 - Packet distributed
 - Directors have 5 days to read all packet material prepare for board meeting
 - Board President meets with facilitator to go over meeting agenda
- Meeting
 - Recording Secretary to bring 3-5 copies of agenda for member-owners who attend
 - Near the beginning of the meeting there is an agenda review to answer any questions or make any last-minute necessary changes
 - For each agenda item, directors are asked if they read the related documentation and are prepared for the topic; if directors are not prepared, the board decides whether to table the item or proceed, and if proceeding, whether unprepared directors should abstain from voting on any decision
 - At the end of the meeting, directors review the preliminary draft agenda of the next month's meeting, evaluate the meeting process, and determine any action items due in the interim before the next meeting



Strategic Planning

The Growth Roadway

Spotlighting board stewardship

BY ART SHERWOOD



The Cooperative Strategic Leadership GROWTH ROADWAY

LEADERSHIP

ACCOUNTABILITY

THE FIVE MAJOR STAGES

- | | | | | |
|-----------------------------|--------------------------------------|-------------------------------------|----------------------------------|-------------------------------------|
| 1. | 2. | 3. | 4. | 5. |
| Prior to the growth project | Growth project policy identification | Preparing for stakeholder questions | Growth project policy monitoring | Integrated strategic communications |

Expansion and growth are on the minds of many cooperative board and management leaders. And this makes sense, since growing our cooperatives' abilities to deliver on their organizational Ends is of critical strategic importance.

It certainly was on our minds at Bloomingfoods Co-op (Bloomington, Ind.) this last year as we addressed growing to include a fourth store and purchasing the property for the first time ever. A fourth store! A neighborhood store! Let's get everybody on board and pumped up! You could feel the excitement in the air.

But...wait. What about the money? What is the risk? Why that location? What if it doesn't work? What about...what about...?? Can you feel the air going out of the balloon?

Both forward-looking and mindful of accountability

There exists an inherent tension for a board of directors as it tries to fulfill its role in growth and expansion. On the one hand, co-op boards want to be forward-looking leaders, while on the other, they want to carry out the challenging work of accountability: to motivate forward motion vs. slowing down to ask the

tough questions. This breeds tension inside the board itself and in the board-general manager relationship.

At Bloomingfoods, we wondered how we could make this a process that emphasized the board *and* general manager, rather than the board *versus* general manager. How could we avoid our questions becoming indictments about trust? How could we play our forward-looking leadership role and be excellent at accountability?

This article will describe a process with five major stages that can be used by a board and its general manager (GM) to successfully work together as they face this inherent tension. The process is called the Cooperative Strategic Leadership (CSL) Growth Roadway. I believe this process shows significant practical potential, based on my experiences over the last year, including time as Bloomingfood's board

president, discussions at my CCMA conference workshops, and using those ideas to reflect on and prepare for growth at co-op leadership retreats, such as at Wheatsville and Roanoke.

The process steps can be designed in advance, but the whole thing is flexible enough to adjust as your plan hits reality. I will use the Bloomingfoods story to illustrate my points. This story should be seen as one of many ways the process could roll out.

Two lanes on the Growth Roadway

Imagine you are travelling down a one-way roadway with two lanes, shown above. The left lane represents our leadership role (change, forward looking, motivating, communicating excitement), and the right represents our accountability role (checking, asking tough questions, stopping the process if needed, monitoring). The CSL Growth Roadway represents

Navigating the Growth Roadway: Opportunities for skill development and practice

the project from start to finish through the work done by the board and GM together. And it is a path to successfully managing the tension between the two lanes.

Several Cooperative Strategic Leadership principles come into play as the leaders move from left to right. First is *Power with* versus *Power over*, in that it is critical for the board and GM to begin with the aim of working together as a Top Leadership Team rather than at odds with one another. Each has its unique leadership role to play, and they want to set each other up for success.

The second principle is *Alignment* around the purpose of growth and the process being used to grow responsibly.

The third principle is *Safe Strategic Conversations*. The leaders need to understand that the purpose of conversations taking place will change depending on the lane of the roadway. Agreeing in advance on the purpose, determining who has what decision-making authority, and sticking to these will support making these conversations safe.

The process emphasizes the leadership lane, while shifting to the accountability lane at appropriate times and then shifting back. The leadership lane can include the board and management working together in their unique roles to lead the co-op forward through activities such as visioning, exploring possibilities, motivating and communicating. The conversations are safe because everyone agrees up front upon the purpose of the interactions. The accountability lane can include board monitoring plans and performance against policy. Again, the conversations are safe because everyone knows the purpose and their role and is clear about who makes which decisions in the process.

Five major stages

There are five major stages in the Growth Roadway process (see illustration, page 20). Each stage represents a timeframe within the entire growth project and includes major shifts back and forth between the lanes. (Of course, there will be many smaller shifts to do the ongoing leadership and accountability work of the co-op, such as monthly monitoring, but these are not the focus of this article.)

Stage 1: Prior to the growth project

Prior to or between growth projects, the board and GM can work together on envisioning the future and exploring possibilities. Boards often call this "board learning," and it happens in the leadership lane. For two years prior to our recent project at Bloomingfoods, we learned about local economies and local food systems, and we also focused on strengthening the board-GM relationship and decision-making. Of course, the ▶

Some people might already be fully equipped to provide the leadership essential to help our co-ops move down the Growth Roadway. However, most of us can benefit from some reflection on what such leadership takes, along with taking opportunities to improve our skills through practice.

The movement within the board of directors between leadership and accountability that Art Sherwood describes in the accompanying article takes an awareness of where you're trying to go, where you are on the road, and what's going on around you. This could be challenging enough on one's own, but in our co-ops we have several layers of relationships to respect and build into the process. And that's not even factoring in all the backseat drivers!

In 2013, there will be many opportunities to build your individual and group leadership skills, as well as to practice engaging in focused large-group conversations. The Cooperative Board Leadership Development (CBLD) Team has developed two in-person, one-day sessions for directors and managers, Leadership Training and Strategic Seminars. Here are descriptions and the schedule:

Leadership Training focuses on three levels of leadership development: individual skill building, building an effective team, and integrating the strategic process into a work plan. Each of these three components includes learning key principles and practicing using relevant topics and scenarios. For 2013, the topics and scenarios will very much be focused on successfully navigating the Growth Roadway. Board chairs, general managers, and other directors interested in leadership skill development will find this a valuable opportunity to learn and practice.

"I am thrilled by the new Leadership Training... The concepts presented were revolutionary to us and transformed the way our board and GM think and coexist," said Clem Nilan, general manager of City Market/Onion River Co-op in Burlington, Vt., after attending Leadership Training earlier this year.

Strategic Seminars provide an opportunity to learn and grow through conversation with others. Seminars are large-group format events for full boards, top management teams, and others essential to building alignment in our co-op communities. Short presentations provide

food for thought in advance of conversations focused on powerful questions such as:

- Why is it important for our co-ops to grow? How does growing our co-ops increase the benefits and value our co-ops produce in our communities?
- How do we provide leadership and, among members, boards, managers, and staff, build alignment that strengthens our co-ops and allows them to flourish in our communities?

Tim Clougher, a director at Bloomingfoods Market and Deli (Bloomington, Ind.), said of a Strategic Seminar he attended, "It was actually hard to take a break because the conversation was so inspiring." Walden Swanson of CoopMetrics commented, "It worked very well! Stimulating, entertaining, broadening, and led to some good discussions."

These in-person sessions are meant to complement one another...one providing leadership development training and practice, the other providing a chance for a large group of leaders from your co-op to engage with others and practice building strategic conversations that will help move your co-op forward.

What would the future be like if we were really good at navigating our co-ops down the Growth Roadway? What would we learn? How would we lead? Please join us in this important work! —Mark Goehring

Leadership Training Schedule

Jan. 12: Albuquerque, N.M. and Minneapolis, Minn.
Jan. 26: Asheville, N.C. and Brattleboro, Vt.
March 23: Portland, Ore.
May 18: Mt. Pleasant, Mich.
Sept. 28: Sacramento, Cal.

Strategic Seminar Schedule

March 2: Asheville, N.C.
March 9: Eau Claire, Wis.
March 16: Brattleboro, Vt.
Oct., TBA: Albuquerque, N.M.

For more information

Including costs and updates on additional sessions, go to www.cdsconsulting.coop/cbld/in-person, or contact Mark Goehring at MarkGoehring@cdsconsulting.coop.

◀ board carried out regular, monthly moves into accountability by monitoring policy according to our calendar.

A major shift to the accountability lane occurs when something indicates that the GM is getting serious about expanding. In our case, our GM said that one of the options his team had been investigating was heating up and looking like it could happen. His plan clearly had decisions for the board to make related to purchasing property and entering into debt. Shifting to the accountability lane, we focused on our role and the process ahead as part of our annual retreat and began an earnest discussion about how this expansion would further our cooperative's Ends.

Stage 2: Growth project policy identification

Move to the accountability role and identify relevant existing policy. In order for our board to make an enthusiastic decision to purchase property and incur debt, we agreed that it was critical to be in compliance with particular policies in our register. Shifting into the accountability lane, we looked through our existing policies to see which ones we felt applied to this project and then shared them with the GM. The policy

identification was a board decision, but having the GM's voice involved made a lot of sense to ensure a good decision and to gain alignment.

We also found it important for all to trust that the GM would not go forward if the project would violate these policies (or if the project is without an acceptable plan to get back in line—because, of course, financials will not always be pretty for a while after an expansion!).

Trust is the critical word here, and this is a great opportunity to build it. Another trust builder is to make a pre-agreement on applicable policy and then stick to it. If a change is needed because conditions change, it is not out of the blue or sprung upon anyone. No surprises! Of course, you want to have established a process to monitor the policies, one that everyone understands and agrees upon.

Our board asked that we have all the compliance reports at least 30 days prior to our decision. When we were done, we identified applicable policy in the areas of:

- Ends
- financial conditions and activities
- planning and budgeting
- asset protection
- communication to the board

We also asked to learn more about four areas:

- market feasibility
- financial feasibility
- design feasibility
- internal readiness

This learning question led us to shift back to the leadership lane and Stage 3.

Stage 3: Preparing for stakeholder questions

Leaders can expect that co-op stakeholders will have a variety of questions related to the project. For a co-op board, a focal stakeholder group is the owners. We asked, what are the questions we might be asked by owners (and perhaps others) and that we should know the answers to? We dubbed this list our FAQ, or Frequently Asked Questions.

This approach serves two purposes. First, it does prepare you to answer questions! Second, it builds a platform for having safe strategic conversations around important questions that build the knowledge and understanding of the project together in a less contentious way, because you are not making an accountability decision. Rather, you are building shared understanding. ►

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◀ The board built a list of FAQs, took a crack at answering to clarify what we already knew (a lot!) and then went to work with the GM to answer the rest. While the majority of our time was spent with the FAQs, we continued accountability checks through our planned monthly monitoring work, and we expected the GM to keep us informed about the project as it related to policies identified.

As examples of FAQs, in general we looked for help articulating the case for the new store in three broad areas:

- How does expansion help meet our Ends?
- How does this expansion fit into our current strategic plan?
- Why choose this store instead of other possibilities?

Specifically...

1. Why are we expanding to this neighborhood?
2. How does this fit the co-op's strategic plan?
3. Why not lower prices instead of opening a new store?
4. Why have three stores so close together?
5. Why not open a store elsewhere?
6. Why choose this site?
7. Is this new store the reason my patronage rebate is not bigger?
8. Why not give employees raises instead of opening a new store?

We worked for months engaging in safe strategic conversations related to these questions. The material for our answers came from our learning from prior years and from additional information provided by our GM. It became clear to us that we had been on the path to answering these questions for some time! It is also worth noting that many of the conversation were "operational" in nature, and this was okay. We were clear that the decisions were delegated to the GM and that our purpose was to build shared understanding through intentional conversations.

Finally, we received word that the material was ready for compliance monitoring, and we moved on to Stage 4.

Stage 4: Growth project policy monitoring

At some point in time, early enough to process the information, the GM will be ready to give a report on compliance with policy. The board shifts to the accountability lane, receives the material, and then focuses on specific decisions related to whether or not the project is in compliance with the policies agreed upon in Stage 2.

Our experience was that we had become so familiar with the material by this point through the FAQ process that the presentation of material was more of a review and update, and the process was fairly painless. The FAQ process helped take out the element of surprise! It also built a deep understanding of the project through the safe conversations. Finally, it built trust and alignment within our board and between our board and GM. Our board voted. We will have a fourth store! And it will be amazing.

Stage 5: Integrated strategic communications

Time to lead by telling the exciting story! The board and GM can build an integrated strategic communications plan about the growth project.

Based on our FAQs, we discussed how to tell the story. Fortunately for our board, management had that in hand. Our board made sure to share thoughts on the importance of the messaging connected to the Ends. We wrote our regular co-op newsletter articles and had a shared presentation with our GM at the owners' meeting. This was the fun part.

At our next retreat, we turn our attention back to the larger picture of the long-term vision of our co-op. If and when our GM again tells us that it is time for the next growth project, we will be ready to head down the road together.

The CSL Growth Roadway process has promise to help boards and GMs work together through growth projects and the inherent tensions that come along with these projects. It can be used up front as a framing device to help launch a successful process, and it can be adjusted as needed while the project moves forward. Ultimately, the emphasis on leaders working together in our unique roles to grow our co-ops can make the cooperative difference. ■

From Cool Ideas to Cooler Results

Study and engagement supports board strategic leadership

BY JOEL KOPISCHKE

Serving on a board has been some of the most rewarding work I've done in my life, but it rarely has provided instant gratification. And that's appropriate—the board takes a long-term view.

One of the most important functions of the board is to understand what is going on in the industry and the world that might affect co-op owners and learn what we need to know to inform our leadership decisions. This learning is not problem solving (which can provide a feeling that's closer to instant gratification), it's study and engagement as part of strategic leadership. The wisdom we gain will inform our work, but it can be hard to connect the dots to a specific outcomes.

What does study and engagement look like? As a board, we choose a topic or question and settle on a work plan to explore it. After deepening our understanding of that and how it might affect our owners, we re-examine our Ends policies, or other written documents that articulate what results our organization is to achieve and for whom, with our newly-gained wisdom and knowledge. (See "Thinking Strategically," by Marshall Kovitz in *CG* #144, Sept.–Oct. 2009.)

Sometimes, despite a very productive process of study and/or engagement, we don't even modify our policies. And while re-affirming policies isn't as sexy as writing new ones or tinkering with the existing words, it is very powerful to confirm that after thorough review the organizational goals previously stated still apply. While the discussions themselves are worthwhile, it can be tough to maintain momentum for this work if your board is struggling to feel a sense of achievement from this somewhat abstract endeavor. What then?

What's the true purpose?

One reason that connecting the dots may be difficult is that we may be looking in the wrong direction. I'm paraphrasing Buckminster Fuller's definition of "precession," but imagine the work of the board is like dropping a pebble in a lake. The direction of the pebble is down, but the waves ripple out at 90 degrees. The impact of the action is not necessarily in the same direction as the action itself.

Or imagine the board as a bee gathering nectar to make honey. While the bee is gathering nectar, it is also doing much more important work—pollinating plants. It's not just a side effect; the true purpose and goal of the work was something



Outpost Nutritionist Judy Mayer at the school health fair.

PHOTO COURTESY OF OUTPOST NATURAL FOODS

How to get from cool ideas to cooler results

Allow our creativity and imagination and passion to come through and drive our exploration and discussion of the big picture. In other words, start with talking about what's important.

"We're not allowed to talk about that in Policy Governance," is a common misperception. It's true that Policy Governance helps the board stay focused on its role of governance and helps highlight the drawbacks of delving into operational details. But sometimes those operational details are tantalizingly interesting. What to do? Some advise abstinence—don't talk about the operational stuff lest you fall into micromanagement (as many have done) or just lose focus on the board's job at hand (also done by many).

For a board with discipline and maturity, I offer an alternative—namely, that no topic is out of bounds. Want to talk about what brand of a certain product to carry? Go ahead! But—and this is a big and sometimes tricky "but"—do it from a governance perspective. It's not about problem-solving, it's about understanding and learning and gauging the impact on the owners.

Take that product idea—for example, I want the co-op to carry Joel's Vitamin K tablets. The board should insist that I make a case that it's a governance/value-level discussion. Then the board as a whole decides if this goes on an agenda. If so, instead of getting into operational details, talk about

completely different than what was presumed.

If you are struggling to see the impact, you may find insight in the work of Buckminster Fuller.

If you are frustrating by the pace of the results, you may find comfort in Confucius' words: "If you think in terms of a year, plant a seed; if in terms of 10 years, plant trees; if in terms of 100 years, teach the people."

If you are unimpressed by Confucius and Bucky, you may find inspiration in some real-world examples. Following are some that help to illustrate how the exploration of a broad topic led to articulation of values, which were then brought to fruition by some organizational action.

Outpost Natural Foods (Wisconsin)

In 2003, I came across an article about Natural Ovens Bakery's initiative to bring healthy food into area schools and forwarded it to the rest of our board at Outpost Co-op. In 2004, we used our regularly scheduled time for "visioning" at our monthly board meeting to watch and discuss the video, "Impact of Fresh, Healthy Foods on Learning and Behavior," which documented the project. The results were inspiring, and the board talked excitedly about how wonderful it would be to have such a positive impact on young people, especially at-risk students.

The board considered its existing policies and made no changes. The General Manager, Pam Mehnert, also inspired, looked to the policies and interpreted "the community is educated about personal and environmental health" to extend beyond owner families and children

to families and children in our community. Mehnert and her team began brainstorming and looking for opportunities and determined that having an educational foundation (the Twin Pines Foundation) could be one way to generate funding for community endeavors.

A few years later, after a changeover of some of the directors, the Natural Ovens video resurfaced, and once again the board talked about how educating young people on healthy eating seemed even more important than it had a few

Board learning is not problem-solving (which can provide a feeling that's closer to instant gratification). It's study and engagement as part of strategic leadership.

it at the governance level—how you believe things will be different for your owners because you carry that product. Then extract from the themes of that discussion the values that emerged (e.g., local suppliers, lower price/better accessibility, greater health, more environmentally friendly packaging). Then have great value-laden discussions about those values, and perhaps set up study and engagement plans to explore them in more depth and learn more. Then check what you have said in your policies about those values.

Also, if you are clear in your intentions beforehand that a discussion's goal is to just explore the values and impact and not to direct your employees, then small missteps off topic into "forbidden territory" don't derail the process and are easily forgiven.

No topic is off-limits for a board, even when they want to avoid operational issues. The key to doing it correctly is how topics are discussed. Stay focused on the values and you should steer clear of most problems.



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If you are looking at 10 years in the future and follow Confucius' earlier advice, you plant a tree that might still be a sapling when your time on the board is done.

◀ years earlier. But how to get the knowledge to these kids and get them access to healthy food?

Coincidentally, a number of parents from various schools approached Outpost to ask similar questions, and Mehnert started to explore a possible pilot school lunch program. She met with one school initially, then brought in the staff nutritionist to help coordinate a health fair for the parents, which included other health-related practitioners and an opportunity for the kids to try some great food, which they loved.

After the health fair, Outpost's food service director developed a potential menu with kid-friendly food choices. Grant money was sought both by the school and by Outpost, with Organic Valley subsidizing organic milk that first year. A pilot program was established for two school years, providing hot lunch to 150 kids once a month. On Outpost lunch day, Outpost's nutritionist would spend time in each classroom talking about healthy food and offering samples for kids to enjoy. A handout was provided by Outpost for the kids to take home the day of the lunch, explaining to the parents what foods they ate and why these were nutritionally better than a typical school lunch.

In 2006, Outpost's thinking expanded beyond kids to other populations lacking access to healthy food, and a wholesale program offering bulk dried fruits and snacks began at a local hospital. That program expanded in 2009 to include some prepared foods (sandwiches and salads) and fresh baked goods. A second hospital was added quickly on the heels of the first. There are currently three wholesale hospital locations for Outpost, with annual wholesale revenue growing to \$135,000 in 2011 and the potential for an Outpost market in the lobby of one of those locations.

Eight years after the initial study, the program continues to grow and impact the community.

Outpost provides a wonderful illustration of a board learning more about an issue, having a great discussion, and being sure that the values are reflected in their policies, followed by the general manager interpreting the policies and leading the organization to results that fulfill those values. Outpost is not an isolated example. Following are some other great results born from board study and engagement work.

More examples

Weaver Street Market (North Carolina):

From its beginning, part of the Weaver Street Market vision has been that having co-ops in town/village centers is good for communities. Town planners were invited to board meetings so more could be learned, and this vision is now realized with their three stores, restaurant, and a food house. The food house grew out of the strategic exploration into influencing the food system with the goal of making it more local. As a way to buy and create more local products, they built a large-scale production facility (food house).

Three Rivers Market (Tennessee):

Three Rivers Market is a small co-op that started studying transformation from lots of angles: economic, health and well-being, internal business systems, and more. They took this knowledge and applied it to their work toward understanding Knoxville and their sense of place in it, preparing for re-emergence in the community. The co-op re-emerged in a big way and is in the midst of a transformative growth and development cycle, having just opened a new location to accommodate that growth.

Brattleboro Food Co-op (Vermont):

The board studied co-op principles, co-op development, and the state of the natural foods industry. With the help of a facilitator, they asked some really good questions. Management laid out a far-reaching plan (100 years!) demonstrating the role of the co-op in the community. They embarked on a series of meetings with board chairs from co-ops in the region and said to them: "You are doing all this interesting work, all this thinking, but what difference is this making in the store?" The answer they mostly got was, "It's not, but it's influencing the planning process, which will take decades to unfold." Brattleboro is in a \$9M development project that is simply extraordinary, even more so for a town with a population of just 12,000. See related articles by Alex Gyori, "Engaging Our Community to Create Shared Vision (CG #132, Sept.–Oct. 2007) and Mark Goehring, "Co-op as Store Becomes Co-op as Community (CG #117, March–April 2005).

Neighboring Food Cooperative Association (New England):

When Brattleboro pondered and explored what cooperation among cooperatives might look like, it led to the amazing creation of an association of over 20 co-ops working together to build a thriving regional economy ("Planning in Collaboration," CG #140, March–April 2009). These are illustrations of study and engagement leading to accomplishments that are having a real impact. If you know of other great stories that might inspire others, please pass them on to us, and perhaps we will compile some follow-up companion material to further enlighten our co-op boards.

How long does it take?

How long not just to complete a project but to see the realization of the values? Can your board have

the patience and trust to do the work that will come to fruition much farther down the road? I believe it is imperative for every board to do so. Maybe the cause and effect aren't as immediately apparent, but these stories point strongly to the fact that study and engagement is important and meaningful work for boards that impacts the organization, its owners, and its community. And the knowledge built will prepare your board well to make wise decisions in the future.

You may not see results overnight. But this is about long-term objectives and direction, so it's appropriate for things to take some time. I hope these examples will inspire your board to implement (or continue) a plan of study and engagement on big-picture topics that will provide strategic leadership, eventually resulting in organizational outcomes. If you are looking at 10 years in the future and follow Confucius' earlier advice, you plant a tree that might still be a sapling when your time on the board is done.

And if you're having trouble seeing the forest for the trees, remember the Greek proverb: "A society grows great when old men plant trees whose shade they know they shall never sit in." ■

ADVERTISING INDEX

Aura Cacia page 8
 CDS Consulting Co-op. page 29
 Cooperative Fund of New England page 27
 Down to Earth Distributors page 23
 Eden Foods page 5
 Expo East page 31
 Frontier Natural Products page 32
 Mountain Rose Herbs page 7
 Nancy's/Springfield Creamery page 14
 NCB page 14
 NCBA Conference page 21
 NCDF page 16
 Once Again Nut Butter page 18
 Organic Valley page 2
 Pachamama Coffee page 10
 Patronage Dividend Primer. page 16
 Peace Coffee page 9
 Redwood Hill Farm/Green Valley Organics page 27
 Rudi's Bakery page 13
 Sno-Pac page 27
 Triangle Park Creative. page 21
 Zingerman's. page 17



GM Monitoring Report

October 2016

B1-Q2 Financial Condition
B2 Planning and Budgeting



FIDDLEHEADS MONITORING REPORT, BASED ON CBLD TEMPLATE POLICY

QUARTERLY MONITORING REPORT, 2ND QUARTER 2016, OCTOBER 5, 2016

Policy: B1 – Financial Condition and Activities, Last revised: Aug 18, 2015

With respect to the actual, ongoing financial conditions and activities, the General Manager shall not cause or allow the development of fiscal jeopardy or material deviation of actual expenditures from Board priorities established in Ends policies.

The GM will not:

- 1) Allow sales to decline or be stagnant.
- 2) Allow operations to generate an inadequate net income.
- 3) Allow liquidity (the ability to meet cash needs in a timely and efficient fashion) to be insufficient.
- 4) Allow solvency (the relationship of debt to equity) to be insufficient.
- 5) Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.
- 6) Acquire, encumber or dispose of real estate.
- 7) Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
- 8) Allow late payment of contracts, payroll, loans or other financial obligations.
- 9) Use restricted funds for any purpose other than that required by the restriction.
- 10) Allow financial record keeping systems to be inadequate or out of conformity with Generally Accepted Accounting Principles (GAAP).
- 11) Allow growth in ownership and owner paid-in equity to be insufficient

I report compliance with all parts of this policy except:

- 3) The GM shall not allow liquidity (the ability to meet cash needs in a timely and efficient fashion) to be insufficient.
- 8) Allow late payment of contracts, payroll, loans or other financial obligations.
- 10) Allow financial record keeping systems to be inadequate or out of conformity with Generally Accepted Accounting Principles (GAAP).

This is a quarterly update report on key financial and operational indicators included in the annual B1 report, as well as on our tax payments. In addition, this report will include any information about actual or anticipated non-compliance for all aspects of the B1 policy.

Unless indicated otherwise, all data in this report is for 2Q16 and is accurate as of October 5, 2016.

I certify that the information contained in this report and attachments is true.

Signed _____  _____, General Manager

Global Policy

With respect to the actual, ongoing financial conditions and activities, the General Manager shall not cause or allow the development of fiscal jeopardy or material deviation of actual expenditures from Board priorities established in Ends policies.

Operational definition / Interpretation: The Board has interpreted and defined “fiscal jeopardy” in the sub-policies below.

Data:

Please see below for my definitions and data for each of the sub-policies.

Prefatory note:

In July as we prepared to close the second quarter, the bookkeeper and I discovered that we had missed two steps that we should have taken in the Finance department upon receiving reviewed year-end statements. We found that we had failed to enter journal entries to account for current year depreciation based on the 2016 schedule Wegner provided, and also discovered an omission dating back to 2015 regarding a prepaid expense for online ordering. The bookkeeper and I worked with Wegner LLP to correct these deficiencies and these adjustments have now been entered into Quickbooks.

*This means that changes have been made to the first quarter that require restated financial statements for Q1 2016. The result is lower scores on key indicators for the period related to sub policies 2,3, and 4, although all still remain in compliance. **Revised figures for the first quarter have been provided in the data for their respective sub policy, and revised financial statements are being supplied under separate cover.***

1) The GM will not allow sales to decline or be stagnant.

I report compliance.

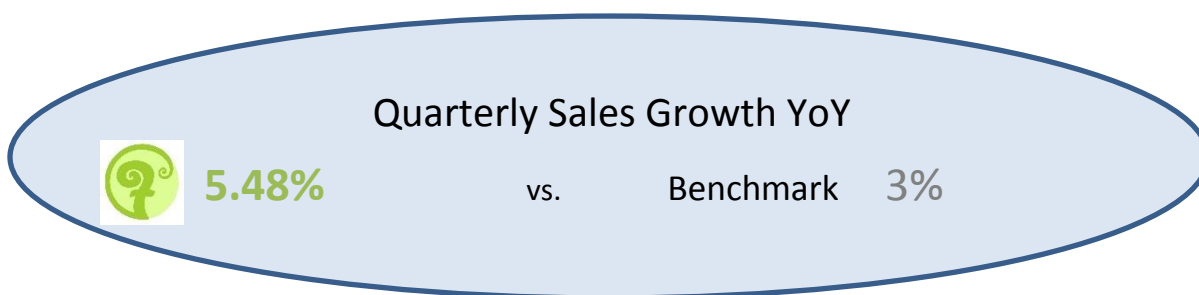
Operational definition / Interpretation: Both CDS Consulting Co-op and Managers of NCG member co-ops, as part of the Co-op Metrics program, have set the benchmark for averting fiscal jeopardy to be achieving sales growth of 3% or more.

I interpret sales growth of 3% or greater to indicate compliance.

For budgeting purposes, we are proposing a goal of 5% over prior year, and the expense budget is still in development.

Actual data compares the most recent quarter with the same quarter of the previous year.

Data: Sales for the 2nd quarter 2016 were \$916K which represents 5.48% growth over the same period last year. This is a respectable steady rate of growth, slightly outpacing the average among NCG coops in the Eastern Corridor (all sizes) which was reported as approximately 5% for this period. This is also outpacing the growth of other many other medium-small co-ops (size class determined by sales volume) in the national co-op sector. Median growth of the pool of medium small co-ops for this quarter was reported as 2.91%.



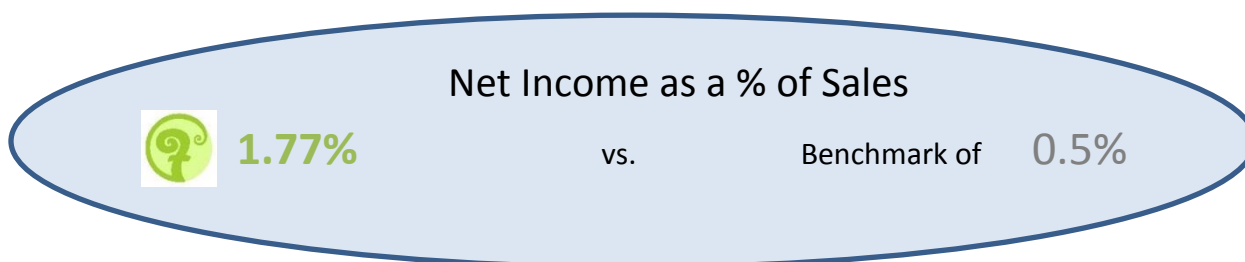
2) The GM will not allow operations to generate an inadequate net income.
I report compliance.

Operational definition /Interpretation: The CDS and Coop Metrics benchmark for averting jeopardy on this measure is 0.5% of sales. I interpret actual net income as a percentage of sales for the year at .5% or above to be in compliance.

A goal for net income among NCG co-ops is projected at 3% and we will pursue this as a goal at FFC. That said, striving to outstrip that consistently should not come at the cost of achieving other FFC goals. I am interested in potentially exploring some sort of gain share program in the future, where profits exceeding our budget goal might be split between the co-op and staff.

Data: Net income for the quarter is 1.77%.

Although this figure falls short of our goal, Fiddleheads is still faring better than most co-ops our size, where the median for the 1st quarter reflected a modest *net loss* of -0.29%. This number may have been favorably influenced by end-of year adjustments, so we will look to see where this comes in next quarter.



Q1 2016 Update: The revised net income figure for the 1st quarter is **2.68%**, rather than the 4.24% previously reported.

3) The GM shall not allow liquidity (the ability to meet cash needs in a timely and efficient fashion) to be insufficient.

I report inability to assure compliance.

Operational definition /Interpretation:

The benchmark set by CDS for the Current Ratio is 1.25 or above, while Co-op Metrics recommends 2.0 for typical operating conditions. I interpret above 1.25 to be in compliance, but will strive toward the Co-op Metrics goal.

Data: 2Q2016 Current ratio is estimated to be no less than 1.48.

I am stating the ratio in this awkward manner because we are still working out some internal bookkeeping confusion regarding reconciliation of accrued liabilities and also related to the current year portion of long-term liabilities. The ratio cited above is derived from the most conservative approach I can take at this time, given that I have identified bookkeeping issues related to the reconciliation of Accrued time off and that the Current Portion of Long Term Liability is being stated incorrectly in Quickbooks. With these issues unresolved, I am not confident about the actual ratio, but do have confidence that it is still above the 1.25.

The dollar Current Indicators amount of reported at principal each is

Estimates effective 6/30/2016	
Total Current Assets	\$279,537.59
Total Current Liabilities	<\$195,330.00
Current Ratio	No less than 1.48

amounts for 2016 Liabilities in the Key sheet attached is the current liabilities we FYE 2015 minus the payments we have made quarter. The actual figure anticipated to be less,

which would result in a higher ratio.

Q1 2016 Update: The current ratio for Q1 2016 was (similarly “not less than”) **1.28**, rather than the 2.18 previously reported.

4) The GM shall not allow solvency (the relationship of debt to equity) to be insufficient.

I report compliance.

Operational definition/Interpretation:

CDS recommends a Debt to Equity ratio of 2.0 or below. The benchmark for Co-op Metrics is 3.0 or below, with an emphasis placed on growth or expansion. As we are not currently pursuing relocation or a major expansion, I interpret compliance as 2.0 or below.

Data: Debt to Equity ratio for 2Q2016 = .96 (data drawn from the attached balance sheet).

Total Liabilities	\$314,256.87
Total Equity	\$327,408.69
Debt to Equity	.96

Q1 2016 Update: The Debt-to-Equity ratio for Q1 2016 was 1.06, rather than the 1.01 previously reported.

- 5) **The GM will not incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.**
I report compliance.

Operational definition / Interpretation:

Management may not incur new indebtedness except as trade payables, ordinary credit lines, and leases for equipment necessary in the ordinary course of business.

Compliance will be achieved if, since the last report, no new indebtedness that has not been authorized by the Board of Directors is reflected on the Balance Sheet other than those described above.

Data:

No new debt or other than ordinary business liabilities have been incurred in this period. As reported in April's monitoring report, we did draw down \$6K on our previously authorized line of credit from Co-op Fund of New England to purchase a new compressor for an ailing Produce display case.

- 6) **The GM will not acquire, encumber or dispose of real estate.**
I report compliance.

Operational definition / Interpretation:

This policy limits the GM from purchasing or committing to purchase any real estate; only the Board has the authority to make any kind of real estate (land or buildings) deal. Real estate is considered a fixed asset, and is listed as such on our balance sheet. The land and buildings designated as fixed assets on the current balance sheet should be the same as on the previous quarter's balance sheet— unless the board has specifically authorized a purchase or sale.

Data:

I have not made any real estate purchases or commitments in this period. We lease our store site, and the lease extension was successfully negotiated in last quarter.

7) The GM will not allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.

I report compliance.

Operational definition / Interpretation:

Our only “government-ordered” payments are the various taxes we pay. These are considered “overdue or inaccurately filed” only if the co-op receives notice from the government to this effect. Compliance is payment of all taxes by due dates or extended due dates by filing for extensions for income taxes.

Data:

The following taxes were paid in a timely manner

Personal Property tax, billed semi-annually. A bill for \$375.27 was paid in July.

Sales tax, billed monthly on the 20th of the month for the previous month based on sales has been kept current.

Payroll Taxes are paid through our payroll company, CSC Paymaster in each biweekly payroll cycle. The total for this period was \$12,643.41 which breaks down as follows:

6212000 · Payroll taxes		
	6212010 · Social Security	\$ 7,619.70
	6212020 · Medicare	\$ 1,781.97
	6212030 · Federal Unemployment	\$ 415.08
	6212040 · State Unemployment	\$ 2,826.66
	6212000 · Payroll taxes - Other	\$ -
Total 6212000 · Payroll taxes		\$ 12,643.41

8) The GM will not allow late payment of contracts, payroll, loans or other financial obligations.

I report out of compliance.

Operational definition / Interpretation:

A. Contracts are agreements between the Co-op and another party. They include, for example, purchasing contracts with United Natural Foods, and our contract with CDS for the CBLD board development program. Contracts are considered settled in a timely manner unless we receive notice that we are in default.

B. Payroll is the sum of wages and benefits paid to staff. It is considered settled in a timely manner if employees receive their wages and benefits as outlined in the Employee Handbook, and if no employee makes a valid grievance concerning untimely payment.

C. Loans are anything listed as “Long Term Liabilities” on our Balance Sheet. They are considered settled in a timely manner if we make payments according to the note, and if we receive no notice that our payment in default.

D. Other financial obligations include our commitment to pay vendors and service providers. They are considered timely if paid without material penalty for late payment or default notice.

Data:

- Fiddleheads is current on all payments on existing contracts with the exception of a long term liability to NCB Capital Impact (see below). Fiddleheads has received no notices of default in this period.
- Wages and benefits are paid in a timely manner and the co-op has not received any grievances citing untimely payment during this period.
- Fiddleheads is out of terms on a loan from NCB Capital Impact (formerly the Sprout Fund). This was originally a loan of \$25,000 in 2006. The loan was declared in default in 2009 and payments resumed in 2010, but at the end of 2015, there was still a remaining balance of \$4875. Payments have been made on the agreed-upon schedule and the obligation is expected to be satisfied within this calendar year. Fiddleheads also currently has loans to two member-owners which are past due, which we are working to resolve either through renegotiation of a longer term, a graduated payment plan, or satisfaction in full.
- The co-op has received no notice of overdue payments this quarter.

9) The GM will not use restricted funds for any purpose other than that required by the restriction.

I report compliance.

Operational definition / Interpretation:

Restricted funds are any money or account controlled by any outside authority or by the Board of Directors for a specific purpose. Only the Board or the governing outside authority may alter the spending assignment for that money.

Data: No restricted funds were disbursed for any purpose outside that restriction.

10) The GM will not allow financial record keeping systems to be inadequate or out of conformity with Generally Accepted Accounting Principles (GAAP).

I report out of compliance.

Operational definition / Interpretation:

The co-op’s financial record keeping systems will comply with standards set forth and adopted by the National Co-op Grocers, including a physical inventory count at least quarterly, the ability to produce monthly financial statements within 30 days of month’s end, and a third-party financial review (or better) annually. In addition, Fiddleheads will strive to adopt all best practices as recommended by a CPA firm under contract to provide the financial review.

In order to properly certify that FFC’s financial record keeping conforms to Generally Accepted Accounting Principles (GAAP), a qualified third party from outside the organization

would need review the co-op's accounting systems on an annual basis to a level of depth necessary to provide an opinion regarding compliance with GAAP. An external CPA firm hired by Fiddleheads to perform a full audit would qualify as this party, and compliance will be achieved if the auditor provides a "clean" or unqualified letter regarding conforming to GAAP.

Data:

The co-op's financial record keeping is improving, but in the past six months I have identified several changes we would need to adopt in order to generate highly accurate monthly statements. These include incorrect differentiation between some current and long term liabilities, failure to reconcile certain liability accounts such as Accrued Paid Time Off at least quarterly, and a failure to close out some temporary accounts at the end of the quarter to have all entries report correctly on the Balance Sheet.

In 2015, Fiddleheads contracted for an annual review with Wegner LLC, CPAS and Consultants, and also received a number of guidance documents outlining best practices and protocols for maintaining internal controls. I have reviewed these documents with the Finance team (myself, bookkeeper, Accounts payable and as needed, the systems Administrator and Payroll Administrator) and we have identified room for improvement in our process and documentation of internal controls, bank reconciliation documentation, and monthly close as noted above.

The annual review for 2015 was completed by May 2016. We did receive a qualified letter regarding 2015 Year End statements from Wegner, CPA.

As noted above, a financial review is insufficient to meet the GAAP standard, as the CPA relies on assurances from the General Manager on several internal practices that would impact compliance with GAAP.

Plan for Correction:

I am working closely with the bookkeeper and our CPA to correct any improper entries and establish a consistent protocol for monthly and quarterly closing routines. I expect to correct all material issues related to journal entry errors to be corrected before the end of 2016.

The Finance Team meets monthly to make and review progress toward compliance with the NCG standards and Wegner recommended best practices. Progress will be reported to the Board in conjunction with each B1 monitoring report and at more frequent intervals as I see fit. Should any material issue arise or be newly identified, I will promptly report this to the Board.

I have worked with Joanne Todd of Willimantic Food Co-op and Suzan Zimmerman, FFC Board Treasurer, to establish a Key Indicators spreadsheet that will accompany quarterly B1 monitoring reports. This work has helped me develop confidence that while the reporting needs work, we have enough clarity to report compliance or non-compliance on all B1 sub policies.

Given the work that lies before us to professionalize our finance reporting, I do not currently recommend that Fiddleheads contract for a full audit at the end of 2016. I do plan to take steps to prepare for the possibility of an audit for 2017. An outside firm will be subcontracted by Wegner, CPA to oversee the physical inventory at year end (Jan 5, 2017) to verify that we are observing sound practices to establish the value of these significant assets and establish an opening balance. A next step might be to engage Wegner to conduct an internal readiness assessment in early 2017.

11) **The GM will not allow growth in ownership and owner paid-in equity to be insufficient. I report compliance.**

Operational definition / Interpretation:

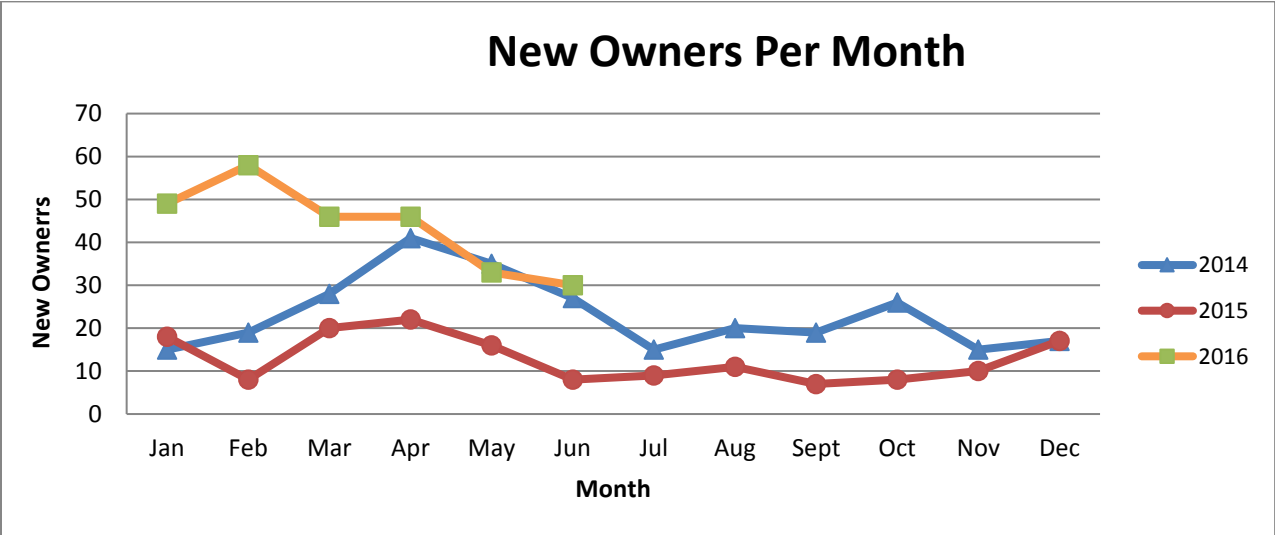
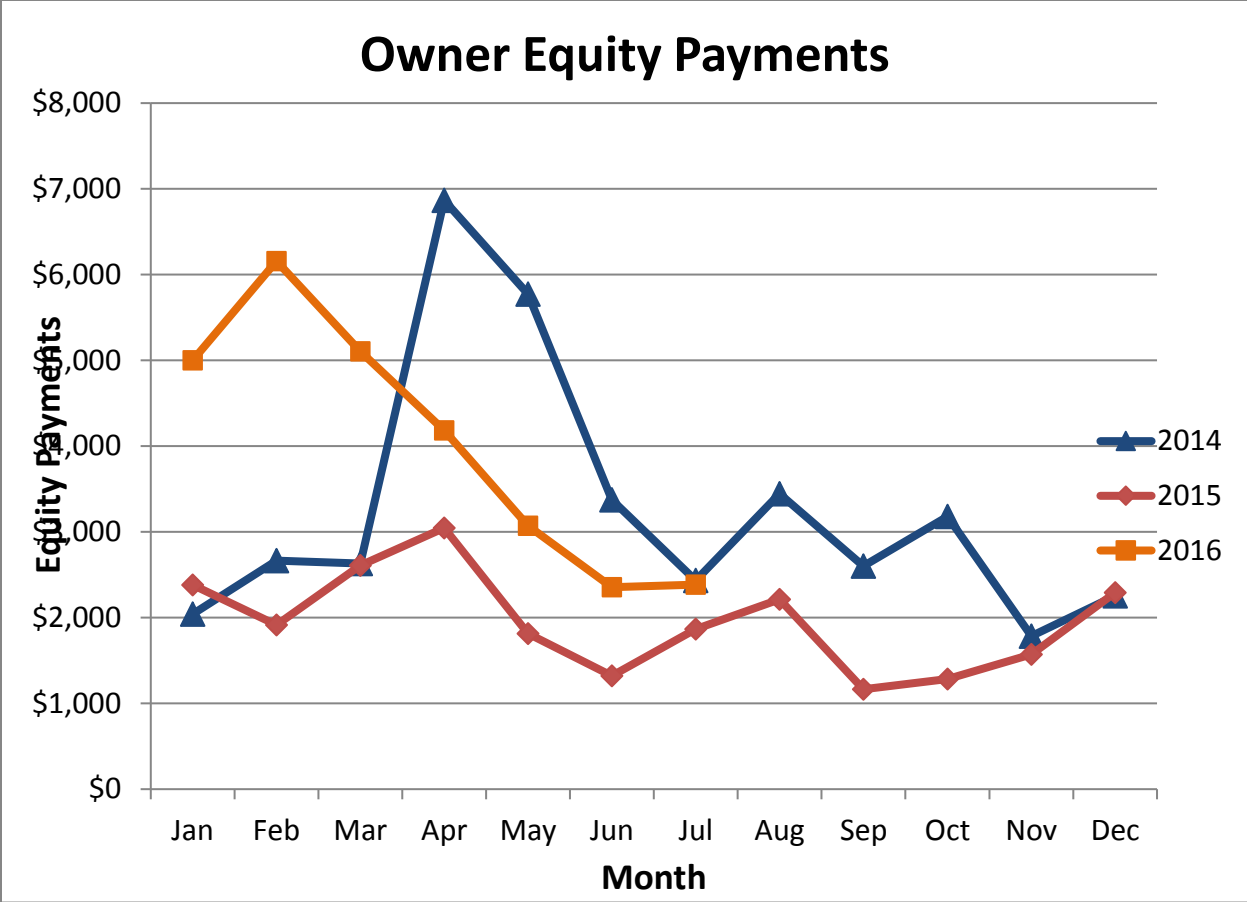
Owner paid-in equity will grow at least 5% annually.

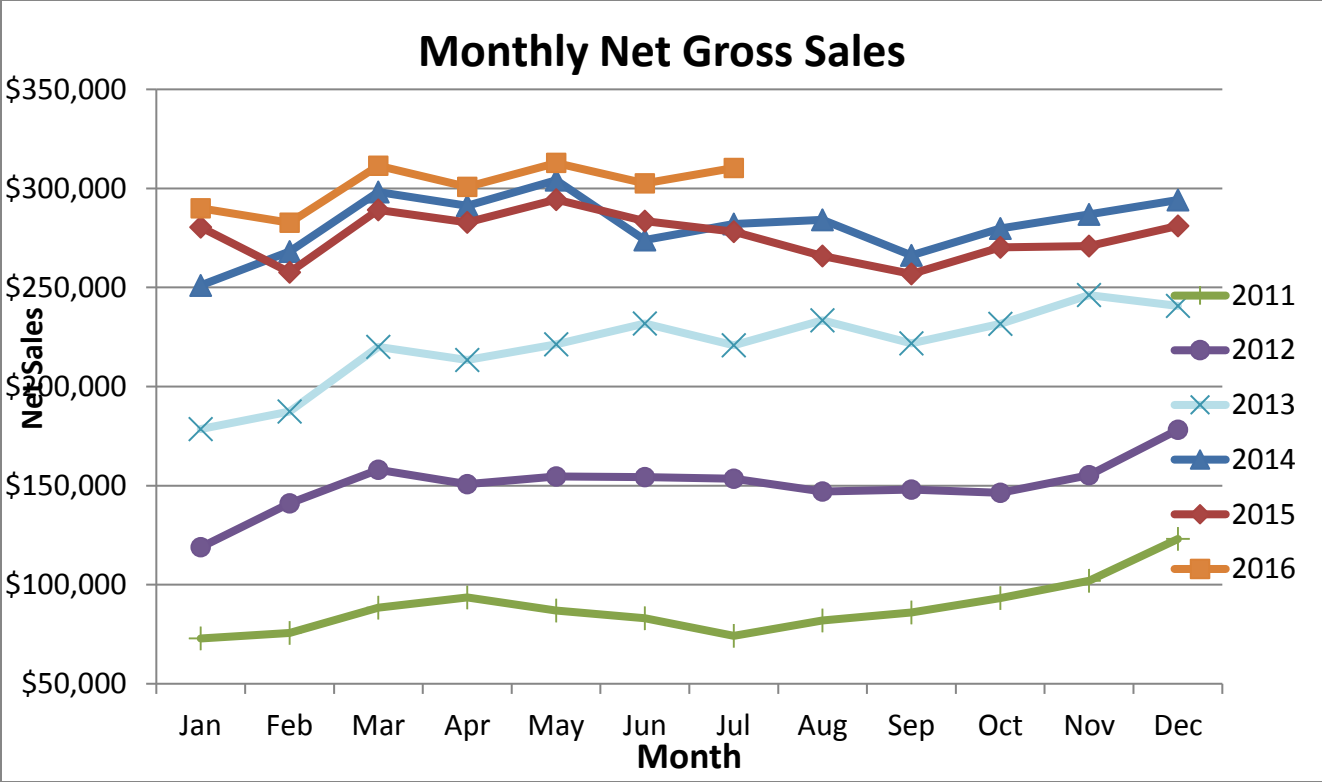
Data:

2Q2016 paid-in equity was 55% higher than the same quarter in 2015 and we added 109 new Owners in this quarter.

However, this dollar figure is just slightly under the average of the four quarters in 2014, and significantly down from the \$16K achieved in the first quarter of 2016 (boosted by the 8th year Birthday Party). While sales in this quarter have been robust, the rate of adding new owners has dropped steadily, indicating that this needs renewed focus and support (see graphs below). We have scheduled an Ownership Drive for September and October of this year.

Equity payments Q2 2016	\$	9,610.00
Equity payments Q2 2015	\$	6,181.00
Increase year over year		55.48%







FIDDLEHEADS MONITORING REPORT,

Executive Limitations B2 Monitoring Report, October 11, 2016

Executive Limitations B2 - Business Planning and Financial Budgeting (Revised June 18, 2013)

The General Manager shall not cause or allow business planning and budgeting to deviate materially from the Board's Ends priorities, risk financial jeopardy, or fail to be derived from a multiyear plan.

I report compliance with all parts of this policy except B2 global policy and 1. a. and b.

This is an annual update report on Business Planning and Financial Budgeting and includes any information about actual or anticipated non-compliance for all aspects of the B8 policy.

Unless indicated otherwise, all data in this report is for April-September 2016 and is accurate as of October 11 2016.

I certify that the information contained in this report and attachments is true.

Signed Alexandra Juhre, General Manager

Attachments : Proforma Budget 2017 Draft

Global Policy Executive Limitations B2 – Business Planning and Financial Budgeting (Revised June 18, 2013)

The General Manager shall not shall not cause or allow business planning and budgeting to deviate materially from the Board's Ends priorities, risk financial jeopardy, or fail to be derived from a multiyear plan.

Interpretation:

The GM is responsible for conducting financial planning activities that result in averting financial jeopardy. The Co-op will have in place a multiyear business plan designed to ensure the fiscal success of the co-op. The plan will include a detailed operating budget for the current and forthcoming fiscal years, a capital budget for each fiscal year and a written plan that articulates current and 3-5 year goals, along with a tactical action plan to support achieving them. Ideally the business plan would also address the business goals in a larger context, including the social and environmental goals and the appropriate planned activities, so as to reasonably comply with the limitation policies while pursuing the desired results inspired by the Ends policies.

Operational Definitions:

- The Co-op will operate with a multi-year business plan updated for each fiscal year.

- The financial plans (budget) will be designed to meet or exceed all criteria stipulated in the B1 Financial Conditions policy.
- The plan will reflect operational and governance initiatives projected to strengthen the business and make reasonable progress toward the Fiddleheads Ends Policies.

Data:

- Fiddleheads does not really have a multi-year plan in place. Strategic Plan draft submitted in Dec 2014 is out-of-date and disjoint from current state
- Proforma budget attached needs further refinement as we work to correct bookkeeping issues and clarify our liquidity projections. Budget will be designed to conform to meet or exceed the metrics stipulated in the B1 Financial Conditions Policy.
- Budget narrative with key indicators is in development but cannot be deemed a “business plan” in its current state. Plan for Correction below outlines some key points.

The GM will not:

1) Create plans or budgets that

a. Risk incurring those situations or conditions described as unacceptable in the Board policy “Financial Condition and Activities” (Policy B1).

Interpretation:

In executive limitation terminology, the business plan is designed to guide the co-op financially and sets goals and procedures in place that avoid the unacceptable conditions as set forth in the B1 – Financial Condition and Activities policy. In terms of planning, the essential criteria are those that require sufficient sales, net income, liquidity, member equity and loan requirements. The GM has supplied the Operational Definitions for these criteria in the B1 report dated October 5, 2016.

Operational Definitions:

- Each budget for the co-op will show planned financial conditions within the limits defined in policy B1.

Data:

Although the budget is not fully elaborated, these are parameters I am working toward:

Policy	Financial Condition	FYE 2017 Preliminary Budget Projections	Reference page
B1.1	Sales Growth > 3%	Sales Growth = 6%	-
B1.2	Net Income > 0.5%	Net Income > 1%	-
B1.3	Current Ratio > 1.25	Current Ratio > 1.5	-
B1.4	Debt to Equity < 2.0	Debt to Equity <1.5	-
B1.11	Owner Paid-in Equity will grow at least 5% annually	Equity Growth YoY > 6%	-

b. Omit credible projection of revenues and expenses, owner investment and return, separation of capital and operational items, cash flow, and disclosure of planning assumptions.

Interpretation:

The GM will plan for the success of the Co-op, both in the short term and long term by beginning with a realistic forecast of sales, projecting revenue based upon historical data and trend analysis. With projected revenue in place, expenses are proportionally allocated. Net revenue is projected to reflect a positive cash flow and return on owner investment. A capital budget is prepared to both replace equipment and to support strategic initiatives. Assumptions on revenue, cost and capital purchases are carefully examined and reviewed using historical data and current trend analysis.

Operational Definitions:

- Projections of revenues (sales), expenses, and owner investment (member equity) will be based on historical data and trend analysis.
- Projections shall strive for a positive net income – from which any return on Owner investment (patronage dividend) would be derived.
- A capital budget is prepared separately from the operational budget.
- Cash flow projections are clearly shown.
- Assumptions we make in creating the multi-year plan and the annual budgets will be clearly stated in writing in the plan.
- I will test the overall credibility and reasonableness of the plan, including the embedded projections and assumptions, by having the plan reviewed internally by our Leadership Team and externally by other knowledgeable professionals.

Data:

- The turbulence that the co-op has experienced over the past 2 years has made it difficult for me to establish a baseline for sales projections. Some departments have achieved very strong growth after the reset (which may plateau in 2017) and seasonal trends from previous years were upended in 2016 with a relatively strong summer season. It is too soon to tell whether these anomalies reflect growing pains or if consumer patterns are shifting. Consequently, I am currently budgeting a relatively conservative 6% sales growth trajectory in 2017 for planning purposes. My preliminary sales projections have us finishing out the year at around \$ 3.6 M for FYE 2016 and finishing at \$ 3.8M in 2017.
- Expense projections (and most significantly labor budget) have not yet been detailed. The goal will be to increase sales while achieving COGS on par or lower than 2016, with overhead expenses held as percentage of sales in line with 2016. Labor is the hardest know to untie, as we need to increase wages for staff with some seniority to be competitive and yet we should keep total personnel expense under 20% of sales. Sales per labor hour is the metric we are using to measure productivity to achieve labor goals.
- Capital budget for 2017 has not been prepared.
- Cash flow projections are not yet ready.

- Each stage of the projections I develop will be reviewed and tested in collaboration with our management team as well as peers and consultants as available.

c. Would result in default under any of the Cooperative's financing agreements or cause the insolvency of the Cooperative

Interpretation:

The GM is accountable for ensuring that Fiddleheads is not in default or otherwise out of compliance of terms stipulated in loan documents. The GM is accountable for actions that render the Co-op insolvent.

Operational Definitions:

- Fiddleheads shall make payment of principal and interest due to outside lenders in a timely manner as stipulated in the loan schedules.
- Fiddleheads shall maintain any ratios or other terms stipulated in covenants of loan documents for agreements with outside lenders.

Data:

- We are current on payments with our primary lender, CFNE.
- We are current on payments with Eversource (CL&P) as renegotiated.
- We are making payments as agreed to NCB Capital Impact. This loan was declared in default back in 2009 and got back on track in 2011. We should make the final payment before the end of this calendar year.
- We have two member loans which are pending renegotiation.
- The co-op remains solvent,

d. Have not been tested for feasibility.

Interpretation:

In general, this policy provision applies to major projects: expansions, relocations, or other plans that require substantial debt. In *The Expansion Toolbox*, Bill Gessner of CDS Consulting outlines five ways to assess the feasibility of a major project: market feasibility, internal readiness, financial feasibility, design feasibility, and risk assessment. The co-op will not undertake any major project unless we have assessed feasibility in this way.

Operational Definitions:

Following the *Expansion Toolbox* guidelines, feasibility analysis for any major project will include:

- Market feasibility
 - i. Professional market analysis and site analysis
- Internal Readiness
 - i. Internal assessment of key systems and operating areas
 - ii. External assessment of key systems and operating areas
- Financial feasibility
 - i. Sources and Uses development budget

- ii. 5-year projection of income statement, cash flow, debt service and balance sheet
- iii. list of assumptions
- Design feasibility
 - i. Preliminary site and store design
 - ii. Final site and store design
- Risk assessment
 - i. Board and GM conversation about risk and potential “worst-case” scenarios
 - ii. Sufficient (based on 3rd-party assessment) contingency funds built into pro forma budget projections
 - iii. Sufficient (based on 3rd-party assessment) working capital

Data:

- At this time there are no major expansion plans under consideration

2) Provide less for Board prerogatives during the year than is set forth in the Governance Investment Policy (Policy C8).

Interpretation:

I interpret this to mean that the Annual Budget within the Annual Business Plan contains adequate funds for governance as called for by the Board.

Operational Definition:

The Board’s budget, as submitted by the board to management by the September meeting, shall be included in the Annual Business Plan. If the board fails to submit a budget by that date, a carryover number from the previous year shall be used as an estimate.

Data:

The Board has not yet approved the budget proposal, but will review it at the October meeting. Meanwhile an amount similar to what was expended last year is considered to be in reserve.

Plan for Correction:

I attribute the non-compliance issues outlined above to be the by-product of the significant turmoil and changes that Fiddleheads has undergone in the past 18-24 months, as well as my relatively short tenure with the co-op. At this juncture, significant strategic planning and scenario testing for expansion is on hold while I work to clean up the bookkeeping, develop a working budget and generally establish the foundation on which we may build.

I will be working in the 4th quarter to refine the 2017 operating and capital budgets based on the previous 3 quarters of 2016 data. Scenario planning to be finalized includes the potential to add a small footprint to permit some prepared foods on premises, but only if such a plan can be achieved with minimal capital investment. The draft budget attached does not address this objective. As far as longer range plans, I will be gathering data to inform a high-level pro forma to compare opportunities for relocation vs. expanding here on site. I envision this to be a multi-year process either way, as I believe we must strengthen our cash position before we attempt

any big moves.

The turbulence that the co-op has experienced over the past 2 years has made it difficult to establish a baseline for sales projections. Some departments have achieved very strong growth after the reset which may plateau in 2017, and seasonal trends from previous years were upended in 2016 with a relatively strong summer season. It is too soon to tell whether these anomalies reflect growing pains or if consumer patterns are shifting. Consequently, I am currently budgeting a relatively conservative 6% sales growth trajectory in 2017 for planning purposes. My preliminary sales projections have us finishing out the year at around \$ 3.6 M for FYE 2016 and finishing at \$ 3.8M in 2017.

Key goals for the coming year are steady improvement of our cash position, improving and modestly expanding services while maintaining a healthy debt-to-equity ratio, and planning for retirement and/or refinancing of long term debt with CFNE, which comes due in January 2020.

Our continued success hinges on continually engaging more and more people in our community and earning their repeat business. To that end, we are actively pursuing marketing strategies to increase foot traffic to the store and making continuous improvements to enhance the overall shopping experience. Some examples of what we are working on now include:

- Increased use of social media and selective use of print advertising to promote the brand
- Weekly electronic newsletter bolstered by monthly special events in store to strengthen the perception that Fiddleheads is an invaluable community resource
- Investing in register upgrades to improve checkout
- Pursuing full membership in NCG by end of 2017 to secure the opportunity to lower COGS costs
- Explore potential to switch online ordering to an extension of Catapult (POS) for improved automation as well as reduced expense
- Strengthening maintenance and cleaning protocols to care for the physical plant
- Improving department-level performance monitoring tools to optimize price image, margins and inventory management.
- Working with data from SPINS, the leading data provider on retail consumer trends, and movement for independent natural food retailers, to enhance product selection and pricing strategy.
- Beyond the operational sphere, strong alignment between the Board and the General Manager is critical to our co-op's current and future success. I think that the work being done with CBLD is very valuable and I appreciate the Board's commitment to carry this forward next year. Together I hope we can effectively communicate to our Owners that while this is a time of rebuilding with a focus on resilience and sustainable growth, we envision a robust future for Fiddleheads!



DRAFT BUDGET 2017

Ordinary Income/Expense

Income		Projected
Sales		Sales Increase
Market Sales	\$ 3,786,936.22	△ FY2016
Total Income	\$ 3,895,242.59	6%
Cost of Goods Sold		
Cost of Goods Sold		
61100 Purchases	\$ 2,570,860.11	
Total COGS	\$ 2,570,860.11	66%
Gross Profit	\$ 1,324,382.48	Margin 34%

Expense		% of Gross Sales
Personnel Expense		
Salaries & wages	\$ 631,029.30	16.2%
Payroll taxes	\$ 57,800.00	1.48%
Payroll Fees	\$ 2,650.00	0.07%
Training and Development	\$ 8,000.00	0.21%
Personnel Software	\$ 1,000.00	0.03%
Employee Discount	\$ 32,000.00	0.82%
Workers Comp	\$ 7,200.00	0.18%
Contract Labor and Other	\$ 500.00	0.01%
Total Personnel Expense	\$ 740,179.30	19.00%
Occupancy Expense		
Rent	\$ 97,260.00	
Common Area Maintenance	\$ 6,000.00	
Building Repair & Maintenance	\$ 15,000.00	
Building Interior Upgrades	\$ 5,000.00	
Utilities	\$ 70,000.00	
Bldg Svcs - Contracted	\$ 5,600.00	
Security	\$ 1,200.00	
Total Occupancy expenses	\$ 200,060.00	5.14%
Depreciation & Amortization Expense		
Dep & Am Accrued (<i>estimated</i>)	45000	
Total Depreciation & Amortization Expense expenses	\$ 45,000.00	1.16%
Operating Expense		
Credit Card Fees	\$ 50,638.15	
Refrigeration Equipment Repair	\$ 4,000.00	
Non Cap Equip - Purch & Repair	\$ 12,000.00	
POS Maint Contract	\$ 6,000.00	
Telecommunications	\$ 5,000.00	
Equipment under \$1500	\$ 5,000.00	
Store Supplies	\$ 32,000.00	
Trash Removal	\$ 2,100.00	
Online Ordering Software	\$ 17,600.00	
Total Operating Expense	\$ 134,338.15	3.45%

Administrative Expense			
Accounting Fees	\$	12,000.00	
Office Supplies	\$	3,000.00	
Postage, shipping, delivery	\$	2,500.00	
Business Consulting	\$	3,000.00	
Outside Computer Services	\$	10,000.00	
Dues & Subscriptions	\$	9,000.00	
Inventory Services	\$	3,600.00	
Legal Fees	\$	3,400.00	
Interest Expense	\$	12,000.00	
Insurance	\$	9,000.00	
Advertising Expense	\$	20,000.00	
Other Marketing Expense	\$	2,000.00	
Bank Charges	\$	1,000.00	
Total Administrative Expense	\$	90,500.00	2.32%
Governance Expense			
Board Development, Conf & Mtgs	\$	7,000.00	
CBLD	\$	6,850.00	
Additional Consulting	\$	3,000.00	
Insurance D&O	\$	3,000.00	
Legal Fees	\$	500.00	
Annual Meeting	\$	3,500.00	
Member Linkage	\$	500.00	
Unplanned	\$	500.00	
Total Governance Expense	\$	24,850.00	0.64%
Promotion Expense			
Quarterly coupons	\$	36,000.00	
Member Discounts	\$	5,200.00	
Outreach & Donations	\$	3,300.00	
Sampling & Demo	\$	1,300.00	
Total Promotion Expense	\$	45,800.00	1.18%
Business Expense			
State Corp Tax	\$	500.00	
Licenses & Permits	\$	2,200.00	
Taxes - other	\$	-	
Total Business expenses	\$	2,700.00	0.07%
Total Expense	\$	1,283,427.45	
Net Ordinary Income	\$	40,955.03	1.05%
Net Other Income	\$	1,500.00	
Net Income	\$	42,455.03	1.09%



Committee/Task Force

- **Nominations Committee**
- **Annual Meeting Committee Charter**

Fiddleheads Board Nomination Survey

Summary:

All four group responders (Board, GM, Staff and Candidates) found the nominations process to be performed at a level of 3.0 or above (5 point scale), with the exceptions of two questions. Those questions were 1) the Boards identification of current and future needs/skills for Board Member recruitment (Q8 Board survey), and 2) the communication of those needs to the ownership (Q9 Board survey). These two questions scored 2.5 and below for the Board input and 2.0 for GM input (communication question only).

Within the comment section of many questions are great suggestions for future improvements.

Board Response

Note: Rachel participated in Candidate Survey

Q1: How clearly did the Nominations Committee communicate to the Board the process for Board Member recruitment (call for interested owners & meet and greet times)?

Not at All	Needs Improvement	Okay	Well Done	Perfect	Total	Average
0	2	1	4	0	7*	3.29

* One Board member skipped rating

- I seems like email owners is the primary method of recruitment.
- I thought it was a clear process and that the communication between the Nominations Committee and the Annual Meeting Committee was vastly improved this year. I was also aware of the meet and greet sessions, which were communicated to the Board by the Nomination Committee.
- Don't know - was not yet on the board
- The Committee tried to keep the Board informed of its ongoing process. Can be improved this coming year with this survey's input.

Q2: How clearly did the Nominations Committee communicate to the owners the process for becoming a Board Member candidate (from Meet and Greet to Elections) to the ownership?

Not at All	Needs Improvement	Okay	Well Done	Perfect	Total	Average
0	1	4	3	0	8	3.25

- Not really completely sure other than written materials in newsletter or eblast.
- Communication in general was just ramping back up under Wynston
- I think that there was clear communication to owners regarding the process of becoming a board member. It is very difficult to reach all owners and again we did a much better job this year reaching out to the community. I think a solid foundation has been built and we have room to grow next year regarding outreach and ownership interest in running for a position on the board.
- There can always be more communication, but I feel the Committee did take great effort to communicate the process to owners.
- I have rated this okay based on the document provided to the board "Thank you for your interest." I don't have experience of communications to the owners and I don't recall updates to the board, which would inform me about the communications.
- The Committee improved upon past processes and can continue improvement in the coming election cycle.

Q3: How well did the 2016 Nominations Committee process and outcomes align with the Nominations Committee Charter?

Not at All	Needs Improvement	Okay	Well Done	Perfect	Total	Average
0	0	5	3	0	8	3.38

- Again, we have set a standard and worked hard to develop a clear charter and follow that charter throughout the recruitment and election process. I do think we have room to grow in this area and look forward to seeing the improvements implemented regarding charter development and alignment continue next year.
- I feel like it aligns well with the new charter. The old charter put a lot on the Committee's plate.
- Apologies if I am forgetting information that I might have had as a board member, but I don't recall seeing information on the process to screen (although I believe it was done), an updated database of interested candidates, or the Board Book (again I assume it was done). The Candidate Profile was well done.

Q4: How well are we preparing the Candidates for understanding the work of the Board? (Currently, owners interested in running for the Board are encouraged to

(versus required) : Attend a meet and greet group orientation so they may participate in a discussion of the Board Role, Policy Governance, ByLaws etc and receive our informational packet that provides an in-depth overview. Attend a personal interview with the nominations committee member(s) to further discuss their interest in the Board Attend a Board meeting.)

Not at All	Needs Improvement	Okay	Well Done	Perfect	Total	Average
0	1	2	5	0	8	3.5

- I think if someone looks into Board participation as a first experience working with the co-op, it is a lot to grasp. Individuals who have been working members or long-term co-op supporters have a head start. We may want to look at participatory opportunities in the co-op as part of early Board Candidate identification.
- Well Done! I do think that candidates were given clear information regarding the time required of board members to fully participate in board work and that some candidates decided not to run because they clearly understood the time commitment.
- I think Board candidates should be required to follow through on the above bulleted list.
- The Committee seems to do a good job of communicating the Board's job and what is expected of Board members. It is difficult for a candidate to fully grasp the job of the Board (it is often difficult for Board members to fully grasp this), but the committee is pretty thorough in its communications to candidates. It would be nice to require participation, but I don't think we can do that. We could somehow allow owners to see which of these things each candidate participated in- have check off boxes next to each item on their online profile or something- to give owners a sense of how committed the candidates may be.
- I felt the first attachment about board functions and role of GM could use some editing for clarity.

Q5: How well qualified do you think the 2016 slate of candidates were to do the work of the Board?

Not at All	Needs Improvement	Okay	Well Done	Perfect	Total	Average
0	0	2	5	1	8	3.88

- Very well qualified!
- It was a very solid slate. I would have been comfortable with any of the candidates being on the Board.
- The Board needs to determine its skill/ability needs prior to the selection of candidates to insure alignment.

Q6: How effective was the partnership between the Nominations Committee and Annual Meeting Committee resulting in a top quality Board election?

Not at All	Needs Improvement	Okay	Well Done	Perfect	Total	Average
0	0	3	5	0	8	3.63

- I was very happy with the communication and partnership between the Nominations Committee and the Annual Meeting Committee. The communication was drastically improved over last year. I think it is important for both committees to meet to review details regarding board member recruitment, the election process and annual meeting details.
- There was good communication between the Committees and a good timeline for deadline, etc.
- The partnership is improving.

Q7: How complete do think the Candidate Packets were?

Not at All	Needs Improvement	Okay	Well Done	Perfect	Total	Average
0	0	2	5	1	8	3.88

- It seemed complete. Too much information would be overwhelming.
- Could have provided more information on the election process as described in the CDS Consulting article. Also feedback I heard suggested there was promise of involvement in committees which was may have been misleading to unsuccessful candidates. Was there was not a commitment to keep the unsuccessful candidates in the database for future elections?

Q8: How well has the Board determined current and future needs/skills for Board Member recruitment?

Not at All	Needs Improvement	Okay	Well Done	Perfect	Total	Average
0	6	2	0	0	8	2.25

- This is an area we will need to continue to develop. It is important to determine current board member skills and identify what is lacking to recruit directors that could complement our current board. We are moving in the right direction and I think we recognize that this is an area that needs further discussion.

- I don't think we fully understand what this means (What skills do we need, beyond being able to do the work of the Board). Should we focus more on diversity? Should we try to recruit people from different social networks or political networks. We may want to at least develop board development values as a Board at some point: Develop a policy that articulates the board's values around board development, including desired qualities of directors. (See Board Process Policy C1 Governing Style and C5 Code of Conduct from the CBLD Policy Template, available in the CDS CC Library). For example:
 - o Dedicated to the cooperative, its member-owners, and its mission.
 - o Able and eager to deal with values, vision and the long term.
 - o Able to participate actively in discussions, including listening.
 - o Able to operate in a group decision-making environment and to share power in group process.
 - o Willing to delegate areas of decision-making to others and hold them accountable for results while not unduly interfering in methods.
 - o Willingness to abide by the board's Code of Conduct.
- As stated in comments for question #5

Q9: How well has the Board communicated to the owners the future needs in candidates for accomplishing Board work?

Not at All	Needs Improvement	Okay	Well Done	Perfect	Total	Average
2	4	2	0	0	8	2.00

- Good question. I'm not sure we have been developed enough as a board to determine and communicate future needs to potential board members. If i'm interpreting the question correctly, we need to do further work in this area.
- I don't know if we know what these needs are?

GM/Staff Responses

Q1: How clearly did the Nominations Committee communicate to the Board and GM the process for Board Member recruitment (call for interested owners & meet and greet times)?

	Not at All	Needs Improvement	Okay	Well Done	Perfect	Total	Average
GM				1		1*	4.0
Staff			1	1		2*	-

*Only 1 GM response and not meant for Staff input

GM comments:

- As the IGM at the time I was not clear on the planned process early enough to give input. This year's solicitation for input and evaluation is much more timely. Well done!

- Can't comment

Staff comments:

- I liked the meet and greet this year. Maybe have more than one session?

Q2: How clearly did the Nominations Committee communicate to the ownership the process for becoming a Board Member candidate (from Meet and Greet to Elections)?

	Not at All	Needs Improvement	Okay	Well Done	Perfect	Total	Average
GM				2		2	4.0
Staff		1	2	1		4	3.0

GM comments:

- Using the e-letter, now the Fern, was a good improvement to the process. In-store information would add to the process but there weren't designated areas for owners to reference for information about Co-op news and events with the exception of the registers which is also premium space for highlighting promotions that stimulate use of the Co-op and are intended to be very dynamic. Use of the physical Co-op for conveying more long range work/ events, needs to be better identified, formalized, and promoted.
- I got feedback from owners shopping in the store that they felt communications were clear.

Staff comments:

- ok or well-done
- I think the people who were already interested in Board work found the information easily. I think we could solicit/publicize more to get more people involved. Maybe at our town hall meetings Lexa is pulling together?

Q3: How well did the 2016 Nominations Committee process and outcomes align with the Nominations Committee Charter?

	Not at All	Needs Improvement	Okay	Well Done	Perfect	Total	Average
GM			1	1		2	3.5
Staff			1	1		2*	3.5

* 2 Staff did not answer

GM comments:

- I don't remember what the charter was but the committee put forth a field of candidates that were acceptable to the board and ownership. I agree with putting forth a group of candidates rather than a small selected field that is endorsed by the BoD

1. Coordinate Board recruitment efforts - appears to have been well done
2. Establish and utilize objective process to screen interested Board candidates - can't comment
3. Maintain an updated database of interested Board candidates - I think this was done
4. Format a Candidate Profile (written candidate statement, candidate photo, etc.). - These were great
5. Create a Board Book of essential documents for new Board members.- Well received
6. Oversee orientation of new Board members utilizing a “buddy” system. - Seems to be working
7. At one-year anniversary of newest Board members, assess their Board experience. - ??
8. Communication & Education:
9. Board Nominee eligibility parameters - clarify this early?
10. Ballot Process (Board endorsed slate? Floor nominations?) - was clear by the time of voting

Staff comments:

- I don't know how to answer this, or if I'm qualified to. :)

Q4: How well are we preparing the Candidates for understanding the work of the Board?

	Not at All	Needs Improvement	Okay	Well Done	Perfect	Total	Average
GM		1		1		2	3.0
Staff			1	1	1	3*	4.0

* 1 Staff did not answer

GM comments:

- Owners in good standing can run for the board. Providing opportunities to learn about what it require in person is great, that a good service to the Co-op. If they do not educate themselves through the avenues provided either they are or candidates or they know the information and expectations already. Through clear candidate statements addressing the goals of the organization and the candidate’s own position statement describing what they hope to offer to Co-op leadership the voters should be able to support qualified candidates through the voting process.
- Mixed feelings about requiring prior attendance at a Board meeting or orientation. Ideally every candidate would, but it would be bad to eliminate good prospects just on this. Perhaps the message encouraging Owners who might consider running should be ongoing throughout the year, or get seasonal focus perhaps in a newsletter from the Board to Owners. Maybe a broader Owner education event around Policy Governance early in the year would spur more interest in running.

Staff comments:

- n/a
- Love this.

- These are all great ways to help potential candidates understand the realities of serving on the Board. I think that unless there are extenuating circumstances--out of town travel, family emergency, etc.--two out of three should be required.

Q5: How well qualified do you think the 2016 slate of candidates were to do the work of the Board?

	Not at All	Needs Improvement	Okay	Well Done	Perfect	Total	Average
GM				1		1*	4.0
Staff		1	2		1	4	3.25

* 1 GM did not respond

GM comments:

- I don't have any first hand knowledge to answer this question
- I find each Director brings strengths and experience to the Board. I think that there might be a benefit in identifying key skills sets that an ideal Board would collectively possess and then determine based on whose terms are up what skills and experience would be especially helpful to round out the remaining Board members

Staff comments:

- Would like to see more diversity within candidates. Would like to see more candidates.
- some seemed well-qualified, others only on the ballot for personal pride or other reasons
- We still feel somewhat detached as staff from the Board--I've only met with Rachel Black for a few brief encounters while she's shopping. Its hard for me to judge this question.

Q6: How effective was the partnership between the Nominations Committee and Annual Meeting Committee resulting in a top quality Board election?

	Not at All	Needs Improvement	Okay	Well Done	Perfect	Total	Average
GM			1	1		2	3.5
Staff			1	2		3*	3.67

*1 Staff did not respond

GM comments:

- We weren't coordinated much of the time. I don't believe we missed being fully and appropriately coordinated by much but there could have been more communication about timelines and goals at the beginning of the planning. After that the efforts are pretty distinct and do not need to involve both groups until the later phase focused on execution of the meeting/ Co-op event and party. That event cements and combines celebrating the Co-op as a Co-op with

the underpinnings of being a cooperative business and electing your Co-op board; a core responsibility for the ownership.

- Andrea and Rachel H might have some feedback to improve this even more.

Staff comments:

- n/a
- Again, I don't feel fully qualified to answer this question.
- I think being able to vote in advance as well as on the day of the annual meeting is ideal. Making it easy for the most people to vote is more important than an instant result.

Q7: How effective was the handoff from the nominations committee to the GM & staff?

	Not at All	Needs Improvement	Okay	Well Done	Perfect	Total	Average
GM				1		1*	4.0
Staff			1	2		3*	3.67

* 1 GM and 1 Staff did not respond

GM comments:

- I don't have first hand knowledge of this
- Can't comment

Staff comments:

- Question seems unclear
- I loved the voting station in the store and the bio write ups on our newsletters. Maybe more social media presence as well?

Q8: How complete do you think the Candidate Packets were?

	Not at All	Needs Improvement	Okay	Well Done	Perfect	Total	Average
GM				1		1*	4.0
Staff				2		2*	4.0

* 1 GM and 2 staff did not respond

GM comments:

- Include the Board Policies and you are all set

- The written materials were quite comprehensive and well written. May be overwhelming all at once.

Staff Comments:

- Perhaps some background on co-op culture, what it is, how it began, and what the landscape is today. I also think some history on Fiddleheads specifically would be advantageous.

Q9: How well has the Board determined current and future needs/skills for Board Member recruitment?

	Not at All	Needs Improvement	Okay	Well Done	Perfect	Total	Average
GM						2*	0
Staff		1		1		2*	3.0

*2 GM and 2 Staff did not respond

GM comments:

- I don't have first hand knowledge of this
- Can't comment

Staff Comments

- I've heard a lot of talk about future needs, ideas, brainstorming and such. Nothing determined as of yet.
- Perhaps some background on co-op culture, what it is, how it began, and what the landscape is today. I also think some history on Fiddleheads specifically would be advantageous.

Q10: How well has the Board communicated to the owners the future needs in candidates for accomplishing Board work?

	Not at All	Needs Improvement	Okay	Well Done	Perfect	Total	Average
GM		1				1*	2.0
Staff		1	2	1			3.0

1 GM did not respond

GM comments:

- I am not aware of the committees work on this front. P.S. I'm very happy that you put a survey out but this survey is too long. Try to hone it down to 5 questions maximum if you can.
- Can't comment

Staff Comments:

- Tempted to put not at all, however, I do know that emails must have gone out so I will put needs much improvement. It is a difficult task reaching out to our members. I do not have an answer or even an idea at this time to improve.
- I'd like to see more communication about what skills we need more of on our Board. I also think communication about the seven cooperative principles would be terrific. I am very happy with our current Board, but in the past--although I'm grateful to everyone who has served--I think we've had a director or two whose values were not entirely in alignment with cooperative principles.

Candidate Responses

Q1: How clearly did the Nominations Committee communicate to the ownership the process for becoming a Board Member candidate (from Meet and Greet to Elections)?

Not at All	Needs Improvement	Okay	Well Done	Perfect	Total	Average
0	0	0	3	0	3	4.0

- Hey, I fell for it ;-)
- No specific comments, although I find just a written bio at the time of elections may not be enough to inform the members on the differences between the candidates. Perhaps something a little earlier in the newsletter showcasing the candidates.

Q2: How well are we preparing the Candidates for understanding the work of the Board?

Not at All	Needs Improvement	Okay	Well Done	Perfect	Total	Average
0	0	0	3	0	3	4.0

- I participated in a group interview with the nominations committee and attended two board meetings. The interview would have been more satisfactory to me if it had been one-on-one, rather than a group. However, I believe the Board members that conducted the interview were thorough and provided sufficient time to ask questions.

Q3: How complete do think the Candidate Packets were?

Not at All	Needs Improvement	Okay	Well Done	Perfect	Total	Average
0	0	0	1	2	3	4.67

- It was perhaps too much information. I wonder if we could distill it down a little.
- Lots of information! I found it was easier navigating the website to read the documents, as I do not like paper. However, I realize I may be in the minority on this point.

Q4: How well do you understand the work of the Board and the commitment required to participate on the Board?

Not at All	Needs Improvement	Okay	Well Done	Perfect	Total	Average
0	0	0	2	1	3	4.33

Annual Meeting Committee Charter

Date Chartered: October 18, 2016

End of Term: annual appointment after Board election

2016-2017 Chair: Daniel Spurr

Members: Carolyn Wilson, Ellen Clinesmith, Lexa Juhre

The purpose of the Annual Meeting, as defined in the Bylaws, is to hear reports on operations and finances, to review issues that vitally affect the Co-operative, to elect Directors to the Board, and to transact such other business as may be properly come before the meeting (such as approving last year's minutes). This committee is charged with fulfilling this provision of the Bylaws.

Committee Structure

- The Committee is to be comprised of 2-3 Board members and the GM.
- The Committee shall have a chair who is a member of the Board and is responsible for scheduling meetings and setting an agenda.
- The GM shall be the point person for communication with outside persons or organizations (such as the venue, band, food suppliers) for the purpose of planning the event.
- The GM shall be in charge of operational planning for the meeting, with input from the Committee, and will report progress to the Committee.
- The GM may enlist the support of paid staff and recruit volunteers from the Committee, Board, or ownership to help in preparing and executing the Annual Meeting.

The Job of the Annual Meeting Committee will be to:

- Establish a schedule of deadlines for the Annual Meeting planning process.
- Draft an Annual Meeting budget for approval by the Board.
- Schedule the date and location of the Annual Meeting to be approved by the Board.
- Schedule and conduct regular meetings to fulfill the planning process and report back to the Board.
- Ensure that an Annual Report is provided by the GM with Board support.
- Approve venue, food and drink and/or entertainment as proposed by the GM within budget.
- Establish a schedule of deadlines for the election in consultation with the Nominations Committee
- Draft a meeting agenda for the Annual Meeting for approval by the Board.
- Secure a minutes taker for the Annual meeting.
- Ensure that notice of the Annual Meeting, including date, time, place, purpose is posted in a conspicuous place at the co-op and communicated to owners no less than 4 weeks prior to the Annual Meeting. The minutes of the previous Annual meeting shall also be posted no less than 4 weeks prior.
- Provide logistical support for the election process, working closely with the Nominations Committee

Board President Sue Phillips called the Fiddleheads Annual Meeting to order at 5:05 PM. Current board members were introduced. Past President Susan Zimmerman was recognized for her considerable contribution. Guests from Willimantic Food Coop, Patty Smith, Kirk Begg, and Joanne Todd, were recognized.

Board President Phillips listed the board accomplishments in the past year

1. Hiring Interim GM Wynston Estes
2. Hiring GM Lexa Juhre
3. Improving teamwork as a board

Board goals for next year are to monitor store performance to achieve a flourishing store, to plan for Fiddleheads future operations, to continue to improve our skills as a board, and to plan board succession.

A motion was made by Jim Stidfolde and seconded by Bud McAlaster to accept the minutes of the 2015 annual meeting as presented.

Wynston Estes, Interim General Manager, spoke about the turnaround in operations. Concerns when she became interim general manager were the low staff morale, the declining community involvement and the lagging sales. With the help of CDS Consulting Coop and with staff involvement, the coop has improved its sales, restructured staff to improve accountability, implemented Everyday Savings Program, reset store displays, resumed regular newsletter, and restructured owner equity. These changes were accomplished in the short time frame of six months and have successfully turned around operations. Our new General Manager will have solid operations to build on.

Our new General Manager Lexa Juhre spoke of the seven weeks she has been on the job. She already feels a kinship with the Fiddleheads community and thanked Wynston for leading the team to set Fiddleheads going in the right direction. Lexa compared the work ahead to a rhizome, which grows in many directions meaning the many projects she sees ahead to fulfill the Ends established by the Fiddleheads Board of Directors.

Lexa reported to Owners that in the first quarter of 2016, 154 new owners joined Fiddleheads. This is more new owners than all of 2015. Sales are up 6% in the first quarter and customer count is up 9%. Lexa expects to spend more time on the floor in the future and is interested in feedback from owners.

The board president thanked the annual meeting committee for its work in planning today's event. The meeting was adjourned at 5:18 PM.

A party followed. Music was provided by the Can Kickers. Food by Elisa Giommi.

Board election results as announced:

Directors re-elected--Sue Phillips and Mona Harmon-Bowman
Board appointees ratified--Ellen Clinesmith and Kelleen Giffin
Newly elected--Rachel Black

Susan Zimmerman, Minute Taker
May 22, 2016



Discussion/Action Items

- **Board Monitoring Report Proposal**
- **Board Monitoring Report C4**
- **2017 Annual Calendar**
- **New GM Quarterly Check-In**
- **CBLD Contract for 2017**

October 12, 2016

Board Monitoring Report Proposal:

It is proposed that the board should approve or accept the Board Monitoring Reports and have a vote for the sake of recording that we have monitored ourselves.

Approval could be defined as, "Acceptance or approval of the Report is an acceptance that the data contained in the report accurately reflects the Board's opinion of it's performance related to the stated policies and it's understanding and assessment of the policy itself."

2016 October C4: Board Meetings - C4 Comments

C4-0		Q1	Q2	Q3
<p>Board meetings are for the task of getting the Board's job done.</p>	Carolyn Wilson			
	Danny Spurr		We are starting to get a better grasp on what the Board's job is, and are making a more conscious effort to stay on task.	
	Ellen Clinesmit		We are getting much better at using board time to discuss "whole board" work. Establishing committee charters that are fully understood by and approved at board meetings has helped us avoid discussing and doing work that can and should be delegated to committees or the GM. I do think this has, at times, been a challenge for us. We are also getting much better staying out of the "weeds". With the support of the GM and CBLD consultants, we have been clarifying roles/work of the GM, committee and the Board.	No revision needed.
	Helene Bardinnet			
	Kelleen Giffin			
	Mona Harmon-	I have some questions about how we determine our agenda regarding strategy and planning vs dealing with the 'here and now' work of the board.		Discussion and revision, as needed.
	Rachel Black		In my limited experience, I feel we have been getting board business handled	
	Sue Phillips		We have been getting to routine things, but we need to start making sure we are address "bigger picture" issues -- like the future -- in board meetings.	
C4-1				
<p>We will use Board meeting time only for work that is the whole Board's responsibility. We will avoid committee issues, operational matters and personal concerns.</p>	Carolyn	Wilson		
	Danny	Spurr	We are making a conscious effort to improve at this.	
	Ellen	Clinesmith		No need for revisions.
	Helene	Bardinnet	We are making some progress. I would like to see 1 or 2 "ad-hoc" committees formed when an issue seems to linger.	
	Kelleen	Giffin	Not sure the definition of committee issues? I assume that is separate from a decision a committee needs the Board to make.	
	Mona	Bowman	Improvements have been made dependent upon Board Directors coming to meetings prepared.	
	Rachel	Black		
	Sue	Phillips	We have been getting better and will continue to do so!	
Susan	Herman		We continue to move toward a better use of our board time. As we get more confidence in the monitoring reports and delegation to our GM, I think we will see the improvement we need.	

2016 October C4: Board Meetings - C4 Comments

C4-2		Q1	Q2	Q3
Meetings will be open to the membership except when executive session is officially called.	Carolyn Wilson			
	Danny Spurr		We could do more to get the word out about meeting time and place, such as making this information more readily accessible on the webpage (members have to make a concerted effort to attend a meeting), but this is not a requirement of this policy.	
	Ellen Clinesmit		We have a consistent meeting time and location and we keep the community informed on the website and in the store.	No revision needed.
	Helene Bardinet		We could be more welcoming in the rare occasions a member attends. Dedicate 2minutes to: welcome them, get name, hand out agenda and a list of usefull links(FFC Policies, bylaws, governance, CDS). if not on the agenda, give 2 minutes to share why they came. Let them know they can run for the board.	
	Kelleen Giffin		I think it would be nice to figure out how to get members to the meetings!	
	Mona Harmon-			
	Rachel Black	I only experienced a member (other than Elisa) attending a meeting once. We adhered to this policy.		
	Sue Phillips		Would be nice to have some member interest.	
Susan Zimmerm				
C4-3		Q1	Q2	Q3
We may occasionally use executive session to deal with confidential matters, as long as the purpose of the session is stated. When possible, announcement of the executive session should be on the published agenda.	Carolyn Wilson			
	Danny Spurr			
	Ellen Clinesmit			No revision needed.
	Helene Bardinet			
	Kelleen Giffin			
	Mona Harmon-			
	Rachel Black			
	Sue Phillips			
Susan Zimmerm				

2016 October C4: Board Meetings - C4 Comments

C4-4			Q1	Q2	Q3
We will seek consensus through discussion. We will then finalize and document decisions through the use of motions, seconds and majority vote.	Carolyn Wilson				
	Danny Spurr				
	Ellen	Clinesmit		Our process is clear and we are able to discuss issues in a respectful environment. I feel very comfortable with our process and am able to openly share my thought and opinions prior to a vote.	no revision needed.
	Helene Bardinnet			We must continue our effort to keep the discussions concise	
	Kelleen Giffin			Wondering why the actual vote count is not recorded in minutes rather than "all in favor" etc	
	Mona Harmon-			With the addition of Danny's task list, we have improved. Thank you Danny!	
	Rachel Black				
	Sue Phillips				
	Susan Zimmerm			The discussion part of our meetings is still a weakness. I am not sure what is needed- more preparation on the part of board members prior to the meeting, more willingness to bring up viewpoints, or is there still an elephant in the room?	
C4-5			Q1	Q2	Q3
The meeting agenda will be determined by the Board president, and may be modified at the meeting by a majority vote of the Board.	Carolyn	Wilson		I dont think weve ever needed a majority. People openly make suggestions for changes with little procedure and thats fine.	
	Danny	Spurr		We don't usually vote on agenda changes, merely find an informal consensus, which seems to have served us well, though in a literal interpretation of this policy, we should probably have a recorded vote.	
	Ellen	Clinesmit		yes - we adhere to the policy. If an agenda modification is needed we make it. But, I'm not sure we have ever voted in a meeting on modifying the agenda.	No revision needed.
	Helene	Bardinnet		The only time i have seen the second part of this policy applied is when we have tabled or rescheduled items. That should be the only acceptable modifications	Action: replace "...and may be modified" with "items may be tabled or removed at the meeting...."
	Kelleen	Giffin			
	Mona Harmon-				
	Rachel	Black	I've never experienced anyone trying to modify the agenda but the President does a fine job of setting the agenda and listening to board members' requests.		
	Sue	Phillips			
Susan	Zimmerm				

2016 October C4: Board Meetings - C4 Numbers

C4-0	Board meetings are for the task of getting the Board's job done.
C4-1	We will use Board meeting time only for work that is the whole Board's responsibility. We will avoid committee issues, operational matters and personal concerns.
C4-2	Meetings will be open to the membership except when executive session is officially called.
C4-3	We may occasionally use executive session to deal with confidential matters, as long as the purpose of the session is stated. When possible, announcement of the executive session should be on the published agenda.
C4-4	We will seek consensus through discussion. We will then finalize and document decisions through the use of motions, seconds and majority vote.
C4-5	The meeting agenda will be determined by the Board president, and may be modified at the meeting by a majority vote of the Board.

Response Totals and Averages

		C4-0			C4-1			C4-2			C4-3			C4-4			C4-5			
		Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q3	Q1	Q2	Q3	
Carolyn	Wilson	5	5	Y	4	3	Y	5	5	Y	4	5	Y	5	5	Y	4	4	Y	4.50
Danny	Spurr	4	4	Y	4	4	Y	5	5	Y	5	5	Y	4	5	Y	4	4	Y	4.42
Ellen	Clinesmith	5	4	Y	5	4	Y	5	5	Y	5	5	Y	4	5	Y	5	5	Y	4.75
Helene	Bardinet	5	4	Y	4	4	Y	5	4	Y	5	5	Y	4	4	Y	4	5	N	4.42
Kelleen	Giffin	4	4	Y	3	4	Y	4	4	Y	5	5	Y	4	4	Y	5	5	Y	4.25
Mona	Harmon-Bo	4	4	N	4	4	Y	5	5	Y	5	4	Y	4	4	Y	4	4	Y	4.25
Rachel	Black	5	5	Y	5	5	Y	5	5	Y	5	5	Y	5	5	Y	5	5	Y	5.00
Sue	Phillips	5	3	Y	5	4	Y	5	4	Y	5	4	N	5	4	Y	5	4	Y	4.42
Susan	Zimmermar	5	4	Y	5	4	Y	5	5	Y	5	5	Y	4	3	Y	5	5	Y	4.58
		C4-0			C4-1			C4-2			C4-3			C4-4			C4-5			
Average response		4.63	4.13		4.25	4.00	4.00	4.89	4.67		4.89	4.78		4.33	4.33		4.56	4.56		4.46
		4.38			4.13			4.78			4.83			4.33			4.56			
Overall		89%			100%			100%			89%			100%			89%			

Q1	How well do you understand this policy?
Q2	How well do you think we currently adhere to this policy?
Q3	Is this policy ok as is?

Interpretation

The C4 board monitoring survey: "Board Meetings" indicates that:

- Policies C4-0 through C4-5 are clearly understood. We could spend a couple of minutes to clarify C4-1 (KG)
- We are adhering well to the vast majority of the C4 Policies. We could spend a couple of minutes to discuss our adherence to C4-0 (SP), C4-1 (CW), C4-4 (SZ)
- Policies C4-0 through C4-5 are ok as is. We could spend a couple of minutes to discuss or modify policies C4-0 (MHB), C4-3 (SP), C4-5 (HB)

FIDDLEHEADS BOD 2017 CALENDAR

Item	January	February	March	April	May	June	July	August	September	October	November	December
Regular Meeting	17	21	21	18	16 Annual Meeting 21st	20	18	15	19	17	21	19
Board Education	CBL101 7th Keene		CDS Cooperative Cafe 12th NFCA Annual Meeting			CCMA Conf 7th-10th	Board Retreat	CT NOFA Summer Conference		NFCA Fall Gathering		Update of next year's education plan
Admin Agenda Items	Begin GM Evaluation -- Present Draft to Board in Executive Session for approval	Eval Committee meets with GM and brings final recommendation on compensation to board for final decision Review Committee charters Yearly reflection - reflect past year and set goals for current year		Review Owner Meeting Agenda and assignments	Board Elections Farewell to departing directors Welcome new directors Orientation meeting for new board members	Election of Board Officers		BOD 2018 Budget Review	Finalize BoD Budget Start 2018 calendar Consider process for annual financial review		Review and finalize board calendar for next year	Convene GM Eval Committee
Admin Board Monitoring	C7: Committee Principles Board Self Assessment	C8: Governance	D1: Unity of Control	D2: GM Accountability	D3: Delegation to GM D4: Monitoring GM	C: Global Governance D: Global BoD-Mgmt	C1: Governing	C2: Board's Job	C3: Agenda Planning	C4: Meetings	C5: Code of Conduct	C6: Officers
GM Monitoring	B4: Membership B9:GM	B1: Financial Condition (Q4 2016)	B1: Annual Financial Condition		B1: Financial Condition (Q1 2017)	B5: Consumers	A: Global Ends	A: Global Ends Cont. B1: Financial	B7: Board Communication B8:Board	B2: Planning & Budgeting	B1: Financial Condition	B:Global Constraint B3: Asset

	Succession		(2016)					Condition	Support			Protection
Nominations and Other	Quarterly Check-in with NEW GM	Meet & Greet for BOD candidates		Quarterly Check-in with NEW GM Deadline BoD Candidate information for ballots				Quarterly Check-in with NEW GM				

GM Quarterly Check-In – Guiding Questions

In terms of **Quarterly GM Check-In** we can be guided by the following:

Three Questions to the GM Give these questions to the GM when hired and request her/him to submit written answers every quarter.

- What challenges and surprises have come up for you in your new position?
- How are you dealing with them?
- How is it going with building all of your new relationships on behalf of the co-op?

At our first check-in we did not require “written answers” but used these as a jumping off point for Lexa’s check-in and the ensuing discussion.

Three Questions for Board Members to keep in mind (not necessarily to ask out loud):

- How does the GM interact with the full board and individual directors?
- Are the GM’s reports clear and focused?
- How well does the GM communicate? Does s/he respond to questions, especially questions s/he can't answer, without defensiveness or anger?

These points come from the CDS “Getting off to the Right Start with a New GM” powerpoint.

CDS further suggests spending about 30 minutes, or which the first five are reviewing process we are going to use and last five are talking about how we might want to tweak the quarterly check in process for next time. In July we were pleased with the process and did not suggest any changes.

People are welcome to think of other questions, remember that we want all board members to participate, and our goal is not to problem solve or provide specific actionable critiques. I did not budget the recommended 30 minutes this month, but if we can expand the time allotted as necessary to ensure a robust and productive discussion.



Please review and return this agreement signed either by your General Manager, Board President, or other authorized individual to Thane Joyal, cbl_d_enrollment@cdsconsulting.coop. If we receive an email confirmation of your co-op's participation, we will assume you have read and are in agreement with this participation agreement.

Cooperative Board Leadership Development ("CBLD")
A Program of CDS Consulting Co-op ("CDS CC") www.cdsconsulting.coop
CBLD Participation Agreement with

_____ ("the Participating Co-op")

The CBLD team of CDS Consulting Co-op ("CDS CC") consultants agree to provide services as follows:

1. The CBLD program leader will match the Participating Co-op with a primary CBLD consultant based on consideration of the needs and characteristics of the Participating Co-op and CDS CC consultant availability, skills and attributes.
2. Ongoing, regular telephone/virtual consulting time with the primary CBLD consultant (15 hours are included, additional time available for purchase) for use by board leaders, General Manager, committee chairs or others designated by the board. The primary CBLD consultant may also arrange for CBLD consulting time to be used with other CDS CC consultants.
3. Assistance and support with planning and facilitation of a one-day retreat or other in-person event designed in collaboration with board leaders and GM to meet the needs of the board and the cooperative.
4. Resources and Connections for the Co-op Community, including:
 - a. Access to governance tools in the CDS CC Library including CBLD Field Guides, Templates, and other helpful tools designed to help you streamline your board's work and move your co-op forward.
 - b. Unlimited enrollment in our in-person CBL 101 Workshops included in the program fee at selected locations. (additional events and locations available for purchase, see below)
 - c. Unlimited participation in advanced leadership training opportunities via online and in-person events and communication, as available. See brochure for details and schedule.
 - d. Participation in focused conversations about issues that matter at Co-op Cafe events for a modest additional fee. Resources to help you host your own community Cafe event. Co-op Cafe's are sponsored by National Co+op Grocers (NCG).
5. Quarterly program utilization reports will be provided by your consultant. We ask that you review these reports and let us know if there are any issues or concerns with them.



Commitment from Participating Co-op: Our board has reviewed this participation agreement. We understand and accept the commitments required to participate in CBLD. We as a group and as individuals will make every effort to:

1. Establish and maintain regular contact with our primary CBLD consultant and include our consultant as a member of our team in our board communication stream.
2. Assist our primary CBLD consultant in understanding our cooperative by providing appropriate background documents, board packets, and other materials.
3. Ensure that all board members understand and have reasonable access to the resources and services provided by the primary CBLD consultant.
4. Ensure that all board members benefit from and have the opportunity to participate in CBLD activities.
5. Share with us the responsibility for creating a strong relationship between consultant and client by providing feedback as appropriate to the CBLD consultant and team leader in order for us to have every opportunity to ensure satisfaction of the consultant/client match and of the overall program.

Payment: The Participating Co-op agrees to pay:

1. The annual CBLD fee, \$6,850, invoiced quarterly in amounts of \$1712. 50 in March, June, September, and December, or as arranged with CBLD program leader or CDS CC Manager.
2. Reimbursement of reasonable expenses incurred by the primary CBLD consultant, including transportation, lodging, meals, copies, telephone and other costs directly related to your retreat or other in-person meetings.
3. A modest per-person registration fee for attending Cooperative Cafe events.
4. Travel or related cost for directors to attend CBLD events.

Confidentiality and Information Sharing:

Your primary CBLD consultant will hold your co-op information confidential to the same extent that your board members are expected to within your cooperative. Within CDS CC, consultants have a strong culture of support for one another and for client co-ops, and find that clients are best served when we share information among ourselves as necessary and appropriate to provide the best advice possible. We take seriously our responsibility to hold your information confidential within our cooperative and with our trusted partners National Co+op Grocers (NCG) and NCG Development Co+operative (NCG DC). Please note that unless otherwise instructed, we will share relevant client information with other CDC CC consultants and NCG or NCG DC staff who are also supporting your co-op. If you have any questions or want to further limit how we share any specific information, please let us know.

Good Faith Advice:

All information provided and recommendations made will be provided in good faith based upon the experience and judgment of the consultant. The Participating Co-op remains responsible for the accuracy of all information provided to CDS Consulting Co-op, all decisions made and all actions or inactions that result from advice and recommendations provided by CDS CC. CDS Consulting Co-op is the exclusive agent of its members, the consultants who serve your cooperative. All of CDS CC's actions and business are specifically and solely undertaken on behalf of its Member Consultants who in each case are the principal party with whom the client contracts for services.

Signature for the Participating Co-op _____ **Date** _____

print name _____

Signature for CDS Consulting Co-op and Primary CBLD Consultant

by CBLD Program Leader Thane Joyal, September 20, 2016





Next Meeting Agenda

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AGENDA FIDDLEHEADS BOARD OF DIRECTORS MEETING November 15, 2016 6:30-8:30 PM 105 Huntington Street, New London

Time	Topic	Resource	Action/Outcome	Leader
6:30 (5)	Meeting Preamble <i>Each of us is a member of the coop community and has been elected to be a leader in serving our members. May we conduct this meeting by empowering each other, treating each other with kindness, and maintaining an atmosphere of mutual respect.</i> Check-in	Agenda	Convene/Focus	President
	Agenda Review	Agenda	Make adjustments	President
	Owner Comments		Listen	President
6:35 (5)	Approve Draft Minutes of October 18, 2016	Packet	Approve	Secretary
6:40 (5)	Consent Agenda <ul style="list-style-type: none">Member Equity Refund Requests (as needed)Revision of Monthly Workflow Document	Each item in packet	Approve Approve	GM President
	Discussion of Items removed from Consent Agenda	See above	Discuss/Approve	TBD
	Executive Session NONE			
6:45 (20)	Discussion of Preparing for Strategic Planning – Developing a Vision	Reading in packet	Discuss	President
7:05 (10)	GM Monitoring Reports <ul style="list-style-type: none">B1–Q2 Financial Condition	In packet	Discuss/Approve	GM
7:35 (10) (10)	Committee/Task Force <ul style="list-style-type: none">NominationsAnnual Meeting	In packet In packet	Discuss Discuss/Approve	Mona/Helene Danny/Carolyn
7:55 (10) (10) (10) (10)	Discussion/Action Items <ul style="list-style-type: none">Board Monitoring – C5 Code of ConductBoard Budget 20162017 Annual CalendarCBLD Contract for 2017	In packet In packet In packet In packet	Discuss Discuss/Approve Discuss/Approve Discuss/Approve	Vice President Treasurer President President
8:35 (5)	Owner Comments			
8:40 (5)	Closings <ul style="list-style-type: none">Determine use of CDS call (if any)Review tasks for next meeting and other dates Adjourn Meeting			President Secretary

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BOARD PACKET CONTENTS:

- Meeting Agenda (Sue and Elisa)
- Draft Minutes of October 18, 2016 Meeting (Danny & Elisa)
- Member Equity Refund Request (as needed) (Lexa)
- Revised Board Workflow Document (Sue and Elisa)
- Article from CDS/CBLD on Strategic Planning (Sue)
- Monitoring Report Decision Tree (Elisa)
- GM Monitoring Report Policies B1 (Lexa)
- Committee Notes/Minutes
- Output for Board Monitoring of Policy C5 Code of Conduct (Helene)
- Board Budget (Susan Z.)
- 2017 Board Calendar DRAFT (Sue and Elisa)
- Guiding questions for GM Check-In (Sue)
- CBLD Contract for 2017 (Sue)
- Draft Agenda for December 20, 2016 meeting (Elisa)

Preview of Future Agenda Topics:

December

- Board Member Self-Evaluation (Helene?)