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## **WW Board of Directors Meeting**

Meeting Minutes: May 3, 2016

Chestnut Hill Community Center Boardroom

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**Board Members Present:** Chris Hill, Laura Siena, Megan Clinton, Larry Daniels, Josh Bloom, Emmalee MacDonald, Lisa Hogan, Stu Katz, David Woo, Linda Shein (7:06), Joyce Miller (7:20)

**Staff:** Jon Roesser, Julie Jurash

**Guest:** Joan Patton

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The Meeting commenced at 7 p.m. in the Boardroom of the Chestnut Hill Community Center.

### **PRELIMINARIES**

Chris welcomed everyone to the meeting and made brief announcements about future Board/staff gatherings, rather than covering that later in the meeting. He mentioned that there will be an informal gathering of the Board and the Leadership Team on May 24 at 6 p.m. at Alma Mater. Also, on July 13, there will be a gathering for Board, staff and Ambler folks at Chris' home at 6 p.m.

### **Agenda**

**BOARD ACTION:** The Board accepted the agenda with the minor change in order.

### **Minutes from April 5, 2016**

**BOARD ACTION:** The Board unanimously accepted the April 2016 meeting minutes as written.

### **General Manager's Report**

Jon referenced the GM report and pointed out the chart with key indicators, which accommodates a request to show each indicator as a percentage of sales. Speaking to the results, Jon noted that the third quarter is often challenging. We were down in the third quarter every year going back several years. This is in part due to slower winter sales, and higher labor costs (the Co-op does not hire loads of temporary labor over the holidays, who would then be released in the third quarter, thus helping the quarter-end numbers). Net income is better than we budgeted for, but not great. However, given expectations, sales are healthy, particularly given Fresh Market competition. Jon reported that the cash position is good, and the change in auditor has been established, as well as the local firm to do the June inventory.

### **Staff Compensation Plan Update**

Jon reported on the Staff Compensation Plan. The fundamental challenge remains; raising wages in any form depends on something else giving. He reported that we can't anticipate that we can greatly increase our gross margin in the current competitive atmosphere. It is about increasing efficiency and growing sales, and increasing gross margin dollars. For FY2017, we are budgeting for wage increases of 3-3.5%, with projected sales growth at 3-4%. We are trying to budget from a \$10.50 an hour starting wage to an

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\$11.50 starting wage, and increasing over time as conditions warrant. The changes must be accomplished incrementally. Our goal is to get hourly staff to \$12.50 an hour by their one-year anniversary date, which is the living wage in this area. Again, we need to incrementally get to \$12.50 an hour, we can't do it right out of the gate.

Jon reported that the Co-op's labor as a percentage of sales is 27%, while it really should be more like at a 25%-26% level. This figure represents all wages for all staff, including non-wage compensation (benefits and insurance). The cost of living is high in Philadelphia, and our health insurance is more than almost anywhere else in the country.

Linda pointed out that comparing our wages to other Philadelphia-area (non-co-op) retailers might be a more useful benchmark than comparing our wages to a co-op in a much smaller market. Conventional markets, and many retailers, in the Philadelphia area are way behind our starting wage of \$10.50 an hour.

### **L8 Member Involvement Report**

Jon presented the L8 report and asked for questions. With no questions, Chris proceeded with the decision tree.

#### **Decision Tree:**

Are the operational definitions/interpretations reasonable?

*The Board agreed unanimously.*

Are there adequate data?

*The Board agreed unanimously.*

Is the report accepted?

*The Board accepted the report unanimously.*

**BOARD ACTION:** The Board unanimously accepted the L8 Report.

### **L1 Financial Conditions Quarterly Update**

Jon asked for questions concerning the third-quarter report. Chris questioned the relatively high inventory figure. Jon reported that this is perhaps from too low of a goal (\$600K) combined with the opportunity to secure inventory from UNIFI at 40% of wholesale cost. Chris then proceeded with the decision tree.

#### **Decision Tree:**

Are the operational definitions/interpretations reasonable?

*The Board agreed unanimously.*

Are there adequate data?

*The Board agreed unanimously.*

Is the report accepted?

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*The Board accepted the report unanimously.*

**BOARD ACTION:** The Board unanimously accepted the L1 Quarterly Report.

#### **Calendar Review**

Chris referred to the June 2016-May 2017 Board Calendar, which did not change significantly from last year, and asked for questions. A motion was made, seconded and carried to accept the calendar.

**BOARD ACTION:** The Board unanimously accepted the proposed 2016-2017 Board Calendar.

#### **Report on Board Officer Election Process**

David reported that officer elections will take place at the June Board meeting. If you would like to nominate yourself or someone else, write a sentence about why you would like to serve and send to David.

#### **Report on Financial Training Session**

Emmalee reported that the discussion about what will be covered at the July Financial Training Session will take place at the June meeting. She will circulate an outline prior to June's meeting for use in the discussion.

#### **Reporting Bonus Calculator**

Stu reported that the Reporting Bonus Calculator for the General Manager in the current contract does not represent what Jon is actually doing. It will be adjusted so that it accurately represents what Jon is doing.

#### **Board Resolution**

Laura presented a resolution that was drafted to recognize and thank Stu Katz for his service to the Weavers Way Board and the Co-op at large for the past 12+ years. A motion was made, seconded and carried to approve the resolution.

**BOARD ACTION:** The Board unanimously accepted the resolution in honor of Stu Katz.

#### **Announcements**

The meeting adjourned at 7:56 pm, with a motion, which was seconded and carried, to enter into executive session for an expansion opportunity update.