

PRODUCT SELECTION COMMITTEE REPORT(S)
Name of person submitting report: David Goldman, Board Liaison

Date of Meeting: June 18, 2008

The meeting was "chaired" by Joe Breskin and attended by Sally Lovell in addition to committee members Deb Shortess, David Goldman, Dorn Campbell, John Barr, Julie Jaman, Susan Langlois and Lisa Crosby. Missing were Andrew Reding, Bobby Jenusaitis and official in absentia committee member Cindy Wolpin, who we are unwilling to release.

In a nutshell we initially discussed the proposal (included below) that had circulated w/in the committee today in email, and then we discussed unfinished business from last months' PSGC meeting that addressed our work and its conclusion and our continuation as a board committee.

With a quorum of active members present, we chose to proceed with concluding our committee's work under its charter and to develop a pair of Proposals (included below) based on that work for the Board to consider at its next meeting.

These proposals are not unrelated to the discussion proposal below, and they could dovetail with it and support it at some future time, but they are in no way seen by any members of the Committee who participated in this discussion as tied to it.

After careful review of the language of the attached Proposals and after multiple readings and numerous minor revisions the PSGC committee considers these proposals suitably vetted and largely congruent with Board policies as they apply to Committees of the Board and thus, suitable for discussion in the Board's Agenda meeting tomorrow and inclusion in the Board packet for the July 1 meeting.

It is the opinion of the Chairman that this meeting went very smoothly and that even though the territory under discussion was quite difficult stuff, that everyone was "heard" and more than that: that everyone's contribution to the discussion as it unfolded made the end product demonstrably better.

I sincerely appreciate that we had the opportunity to include Sally in the discussion tonight and feel that without her inputs, the final steps in this project - the reintegration of the Coop's "Mission and Principles" and "The Products We Choose To Carry" into POGO - would have been even more difficult to accomplish. We began this process over 21/2 years ago and at the time, I was sure that we would be finished in 3 months. I stand humbled and corrected.

I have made minuscule revisions prior to printing to pdf, to correct minor grammatical issues that I discovered after I got home, but I do not believe that I have violated the spirit of consensus with which we left the room.

Thanks all

Joe Breskin

PSGC Proposals:

Product Selection Guidelines Committee Proposals
6-18-08

Proposal#1

In conclusion and fulfillment of our committee's charter, the Board's Product Selection Guidelines Committee has the following recommendations and proposal to make to the board:

First, in order to conclude the Charter by integrating The Products We Choose to Carry into the Coop's Policy Governance documents, we suggest that the Coop's Board of Directors add a new policy component to the Coop's Policy Register.

New Policy D-7.6

The BOD shall insure that an annual review of the Coop's buying policies (formally known as "The Products We Choose To Carry") shall be undertaken by a Committee of the Board and that language recommendations that would make this document a better fit with changing realities of the Food Coop's supply chain and the availability of products [will] be considered. The result of the Committee's review and consideration shall be brought to the board as suggested revisions for their consideration.

We also offer that in the event that the Board prefers not to add this language to POGO in D7 or elsewhere, but wishes the review to continue, then the BOD could charter a board committee to perform this review annually or as needed.

With this suggestion the PSGC has concluded our original charter.

Proposal #2

The PSGC respectfully requests that a new committee shall be convened according to the limitations provided in the following Board Policy D-6:

“POLICY D6: BOARD PROCESS BOARD COMMITTEE PRINCIPLES

D6 Board committees, when used, will be assigned so as to reinforce the Board’s job and so as never to interfere with delegation from the whole Board to the General Manager.

D6.1 Board committees are to help the Board do its job, never to help or advise staff. Committees ordinarily will assist the Board by preparing policy alternatives and implications for Board deliberation. In keeping with the Board’s broader focus, Board committees will normally not have dealings with current staff operations.

D6.2 Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes. Expectations and authority will be carefully stated in order not to conflict with authority delegated to the General Manager.

D6.3 Board committees cannot exercise authority over staff. Because the General Manager works for the full Board, s/he will not be required to obtain approval for a Board committee before an executive action.

D6.4 Board committees are to avoid over-identification with organizational parts rather than the whole. Therefore a Board committee that has helped the Board create policy on some topic will not be used to monitor organizational performance on that same topic.

As informed and limited by the constraints provided in Board Policy above, the purpose of this committee shall be:

1. To conduct ongoing research to support the board (and under some circumstances to support Operations), including:

- i. Conduct investigations for the BOD pursuant to implementation of its boycott policy, when and if required.**
- ii. Map and maintain the mapping of ownership of the companies whose products we carry.**
- iii. Create and maintain a “Corporate ownership” matrix for our suppliers.**
- iv. Research and document “corporate behavior” of these corporations.**

2. To perform an annual review of Coop’s “Products We Choose To Carry 1984” and make recommendations to the Board for changes to this document if problems are identified.

PSGC Internal Discussion Memo

PSGC = policy selection guidelines committee, a board committee created in the wake of the “Choices Choices” forum

The most fundamental assumption of this entire piece is that the majority of the member-owners still believe that their Food Coop is offering them the best food value possible and that the coop’s stocking decisions reflect a careful and ongoing review of available options and the implications of carrying these products, as set forth in our mission and principles and in our “Products we choose to carry”. And that they believe that they are “safe” choosing among the offerings on our shelves because we are walking our talk. And that this trust of the membership is a CORE ASSET of this organization.

The PSGC (see definition above) was convened by the BOD with a charter adopted by the BOD that included integrating the Coop's historical "Mission and Principles" (M+Ps) and the "Products We Choose To Carry" (product selection guidelines) documents with POGO, and with formulating a Boycott Policy, a charter that the PSGC has achieved by creating a boycott policy and getting those original documents (the Coop's M+Ps and product selection guidelines) reattached to the policy register.

However, the PSGC has not yet directed the BOD to act on the continued disconnect between our organization's actions (as expressed through stocking decisions) and our ethics (as expressed in published documents such as policy register, M+P's, and "product selection guidelines."

The PSGC would do this by directing the BOD to call for a report from the GM that compares the operations policies with the reattached M+P, Boycott Policy, or "product selection guidelines": in order to identify those areas of our practice where our actions are in contradiction to our principles.

This review is necessary because it is required in the Executive Limitations published in the policy register and because Policies developed by the GM when there were neither M+Ps nor product selection guidelines are in many if not all cases still promulgated by the departmental managers. Since all of these internal policies were created by the GM during the period when there were neither M+Ps nor product selection guidelines, contradictions or the appearance of contradictions or of arbitrary administration of policies are inevitable.

And apparent continued contradictions between the M+Ps and product selection guidelines and stocking decisions are numerous. For instance, we kicked the Odwalla machine and other 100% coke-owned products out of the store, but continue to stock more carefully green-washed products from companies in which Coca-cola merely owns 40%-50%.

SUGGESTION

A rational process to address such issues might look like this:

The BOD would call for a detailed report from the GM that addresses the point-by-point congruence and lack of congruence between each of her internal management policies with the adopted M+Ps and "product selection guidelines" and other relevant published documents for review by a Policy Review

Committee convened by the BOD. In a municipality this process would be called "harmonizing" one's codes.

Simultaneously

The PSGC would be directed by the BOD to map the ownership of the products in our Food Coop's supply chain, creating an ownership matrix by product category.

The PSGC would research the corporate behavior of all corporations and multinationals who own corporations who own the producers of the products on our shelves.

Thresholds of Corporate Responsibility would be established by the PSGC on a 1 - 3 scale. (apparently evil - apparently neutral - apparently heartwarming)

Ownership thresholds would be established by the PSGC using a 1- 3 scale (still private - under _% - over _%)

Demonic convergences would be identified by the PSGC:
(Corporate ownership = >_%) plus (Corporate Responsibility = "apparently evil")

A BOD committee would be convened and chartered to assess the implications of corporate conflicts

Board committee would request data from PSGC and operations to support their review

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Demonic convergence would be identified: (Corporate ownership = >_%) plus (Corporate Responsibility = apparently evil)

In the event Demonic Convergence is identified, historical background should be collected surrounding the corporate takeover if product a comes from a traditionally shopper-

trusted brand and/or distributor, and publicity, if any, that surrounded these events collected for use in review.

In the event the PSGC indentifies cases of "Demonic convergence" on the Coop;'s shelves, the PSGC should make a recommendation to the BOD at the next BOD meeting regardless of what other items are on the BOD's agenda.

The recommendation from PSGC to BOD is as follows:

"the GM should be IMMEDIATELY directed by the BOD to initiate an economic analysis using the BOD's treasurer (AKA the Senior Sales Analyst) who would extract sales figures and sales trends from POS data for any products under "Demonic Convergence" review.

Sales figures, margins, supplier capacity info, as needed to perform a financial impact analysis would be provided for each product and for each available alternative to that product for use in financial impact analysis.

Sales data should be detailed. A minimum of _ years of data would be considered meaningful and bracketing the date of corporate takeover could be considered meaningful as an indication of member reaction. Substantial sales fluctuations POS data should be investigated.

Operations should provide full explanation of the non-financial rationale for stocking these products, both historically and under present ownership (i.e., in the case of Burt's Bee's "this is a popular product of a popular super green-looking company that was recently purchased by multinational", the only available alternative comes from Italy, China, Mars, tastes terrible, is packaged in non-recyclable PVC containing even more suspected carcinogens, etc)

Fiscal impact of removing various levels of Demonic Convergence from our operation would be considered by BOD in executive session.

Reports would be compiled by Board's Policy Review Committee or other committee of the board convened to review "Critical Issues" i.e. issues which could be expected to undermine or result in loss of trust by member owners that Coop is in fact already doing the work of vetting products on the shelves against our stated M+Ps and our "products we choose to carry" rhetoric - that all of the products offered by the Coop are in fact pre-vetted and represent the best products available according to our published criteria.

Report would assess probable fiscal impact of removing products where demonic convergence exists. In cases where less compromised alternatives exist, BOD would discuss impact of marking products with issues, to assess impact of customer notification on sales via POS data bracketing notification of member-owners that a better (or ethically less compromised) alternative exists.

In cases where no clear alternative exists, BOD would discuss potential "crisis of faith" impact when membership discovers unposted issues like toxics, corporate connection, etc versus potential revenue impact of disclosure.