

Durango Natural Foods Co-op

40th Anniversary Year

PETITION UPDATE
SATURDAY, SEPTEMBER 6TH

DNF
A democratic
member-owned co-op



Join of us for a new DNF! We are now at 191 names

We have had an overwhelming response to the DNF member-petition to remove the current DNF Board, do a management reset, and start fresh! As of Saturday evening, we have 191 signatures on the petition, of which 161 are current on their DNF membership and notices have gone out to the other signers to bring their membership current in order for their signatures to count and their voices to be heard.

There are about 1300 DNF members who are current on their membership equity payments; which with 161 puts us at 12.4% of the current members. We will send the petition results to the Board Monday; and formally at the September 22nd Board meeting. We want you all to attend as we present the petitions.

Petition gathering continues in spite of harassment by DNF Board



Since Monday, September 1st, Pat Blair has been out front at DNF with a table gathering signatures and bringing on new DNF members, talking to people about our values and why we are collecting these signatures. And she's been doing lots of listening, hearing what members and customers think and want

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for DNF. And, she'll be at it right through the close of business Sunday, the last day of signing. Pat has done this every day this week, all day each day until 9 pm. As most of you know, Pat is in her 70s and was the DNF general manager for 9 years—40 years ago, from 1974 to 1983.

The DNF Board won't let up! After being told early on by the “new GM” and the Board president, Geoff Wolf, that she “wasn't allowed” to be there outside with her own table, she politely refused to move because “it is DNF member-owned property and it is a member free-speech, assembly and petitioning issue.” In fact, our co-op is supposed to be a democratic institution and what Pat is doing is what democracy looks like! Unfortunately, later on Friday morning two male Board members (one former) ordered her off the property and threatened to call the police if she didn't vacate the DNF property in her wheelchair with her table, all her papers and personal items. One Board member stuck around and sat there until Pat could get some help, in order to make sure she did get off the property. This is our DNF Board.

As outrageous as this was, friends helped Pat move her petition signing operation down to the other side of the alley at the parking lot entrance to DNF — but on public property. They put up signs and balloons and had chairs, table, and lots of room for people to gather and talk; which they did. Pat got *even more activity!* Everyone wondered what was going on and came over to see. So, the lesson here is that the more people try to control other people and prevent democratic action from happening, the more their efforts to control become futile and backfire; and the more democracy wins!



Urgent Board meeting held with 24 hour notice

The DNF Board announced Wednesday that an owner-Board meeting would be held the next day, Thursday evening, September 4th, in order to present their side of this story and hear from attendees. It was moderated and well attended by about 40 members and staff with respectful interactions, mostly favoring the Board. We learned several things; but the scariest was the Board confirmed that the Bylaws state a final decision could be made regarding anything, in particular really big decisions like the sale (“merger”) of DNF, with a quorum of 30 members and a simple majority vote. That means DNF is still that vulnerable if the members weren't paying attention and only 30 people showed up to such a Board meeting, with only 16 of those, who could be hand-selected to show up, deciding the fate of our entire co-op! It could be gone in a flash before you knew what had happened, with legal sale documents signed right after such an unrepresentative member-vote decision. It is crucial for members to step up their interest and engagement, which is exactly what we've been seeing happen with our petition.

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Only five Board members showed and each shared a bit of their background, why they ran to be on the Board, how much hard work it is, and that they have always felt they held the best interests of DNF in their minds and hearts with any decisions they made. Some felt they didn't want to see DNF struggle and barely survive, which is why they all came to consensus on a "merger" solution.



The exercise of democracy seemed strange to some, because it's messy especially when a vigorous challenge to the Board is made. One of the Board members who didn't show up sent a text message that saw all this as a "personal attack," saying that those of us who stood up strong in our writing, speech and actions such as initiating a petition, were "causing a civil war in the co-op; brother against brother." His comments floored some attendees when they were read. Another said a rigid structure was very

important and members should give their input to the Board that way. The president, Geoff Wolf, brought up the notion of dividends and apparently thinks that is what is on most members' minds, saying: "It is the Board's fiduciary responsibility to give the owners dividends." And, again he claimed that we are very weak financially, so haven't been able to do that. A merger would fix that.

The "merger", though tabled for now, is definitely a possible consideration for the future... when the members are ready for it: The La Montañita Co-op (LMC) general manager, we were told when written questions were allowed and read from a card by the moderator, was willing to re-open discussions again once he feels "the co-op is in a happier place; we need to regroup first, then he would talk about it again." One question asked if the Board was still 'biased' toward a merger. Geoff answered enthusiastically and other Board members chimed in, "Yes, with excitement I'll say we are biased and still believe a merger is in the best interest of DNF." He said that they had engaged consultants, accountants and lawyers to examine the value of DNF and its financial health, but "all that information is proprietary and can't be shared with the members." Geoff said "LMC was not willing to write a check for the value we hold; only the mortgage on our property. However, they would invest money into our facilities; and the other benefits would be dividends and a staff career ladder to the co-op world with a better benefit package. That's how we would get our value back." Geoff stuck to his claim that corporate mergers are the best way overall for any business to survive in today's highly competitive world. "I don't think DNF would survive in today's world; small businesses just can't compete anymore. You need economies of scale." And he again returned to the theme that there is "simply not enough cash flow to spin off any dividends."

He ended by thanking Root directly for doing the things he has, which "brought out so much interest. Then he asked Root directly to "withdraw the petition and let them just do their job."

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The Board's press release about the merger — poor tone and timing were the only problems; content would have been the same

Time and again throughout all the communications, responses and meetings since the initial press release went out, including this meeting Thursday, there have been three themes put forward by the Board for why this all failed. First, the PR went out too earlier, before they had all agreed on the final wording, and they continually put blame on a single unnamed employee for that. Second, they admit that the PR was poorly worded, with the wrong tone, which came across as if it was all a done deal; not their intent, they say. However, if they had the opportunity to do it over, the content of the merger press release would be the same, couched in more inviting terms. Finally, because someone “jumped the gun” on the release that they “had yet to finish final wording,” they “never had a chance to discuss it with the members before it was ‘shot down’ . We were just at the beginning of the conversation,” they say.

Root made the last comments at the meeting with these observations: First, “they didn’t get a chance to discuss it” meme is a bogus point. What is all this, if not *discussion*? In fact, because we responded so vigorously it brought at least 60 members to the first Board discussion meeting, has generated letters on both sides, and then another 40 people at their Thursday 1-day notice meeting “where all sides can be heard.” In fact, there has been a great deal of discussion and the Board has had ample opportunity to “discuss it” and “sell it” to us. They just don’t like not being able to slant it toward their views; nor do they like being vigorously opposed with rigorous facts and analysis. They’ve taken the approach of “selling it”, as opposed to defending it with facts and analysis. Marketing executives, which Geoff is, always want to control the introduction and positioning of a new product or idea for a sale. It’s a sales focus; not a rational argument focus.



The second point was in counter to all the views expressed by the Board and several members of the audience that this process we followed, with letters, an analysis and petition, “has divided our community and has damaged relationships.” Yet in fact, we are supposed to be a democratic co-op where the members are empowered, and the Board is accountable to the members. This is what democracy looks like! Lots of views have been shared throughout. Some people write their views and send them out or publish them; some speak out; some go to well-

attended planned and impromptu meetings and listen, maybe commenting there; some start petitions

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to challenge those who hold formal power and information; and others sign petitions they agree with in order to have their voice heard. If you believe in democracy, what's not to like?



And finally, locally owned and run businesses, in a vibrant local economy is something lots of people know a fair amount about. In fact, the claims made by Geoff in terms of ever increasing concentration of businesses into larger entities as the only viable path for businesses to survive the future is total BS! In this coming turbulent world, it is a vibrant local living economy that gives a community resilience to not only withstand and survive, but to flourish in a difficult environment. That happens when decisions are made locally by local owners who are invested in what happens to

their business locally because they live in the community; not by distant corporate managers, who know nothing about what's going on locally and look at 'satellite' business branches purely on their contribution to the overall corporate bottom line, ever focused on decreasing its costs. One only needs to search out an organization called BALLE—Business Alliance for Local Living Economies—to get informed about all this.

Although we disagree with the Board's claims; for argument sake let's grant the Board the three fundamental points they make: PR went out too early without Board approval; it was poorly written and the tone was not appropriate; and they never got a chance to discuss it. However, then and now, they were and still are "really excited," to use Geoff's words, about the content and intent of the press release: *it's in the members' best interests to eventually sell DNF to a co-op conglomerate.*

Setting aside all other issues, this presents an extremely sharp contrast between the two sides in terms of what the vision is for DNF in the future. The Board has asked us to "let them just do their job" and they will do it better next time; but, clearly there is no uncertainty about where their biases are. With our petition, we have actively pursued a process to engage the membership and turn DNF on a new path, where the membership is more empowered and DNF is protected from some future effort to sell it.

A stark choice: Leave DNF at risk of a future sale; or secure it as a locally owned institution for the members of this co-op

This is all about what co-op democracy is. If you're about that, then this petition will bring it to you. Local ownership means local management and the carrying out of our member-vision about who we are. DNF acts as a community that participates in the management of the co-op; it belongs to *us*, not the Board. It then is a vehicle through which we express ourselves and values as a community of members.

That is what is at stake. Less than 40 members voted in the last election; which is all the basis the current Board has. There are almost 200 member votes, with another day yet to go, expressing their desire to remove them. It's your co-op and your choice—if you can hang onto it.

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This is a crucial time to be an active member and standup for DNF in solidarity with its members and staff, so please sign the petition online (link below) or at DNF before the end of Sunday, September 7th. Thanks so much!

Links to online petition and documents related to petition:

Petition online: <https://durangonaturalfoods.wufoo.com/forms/petition-to-remove-dnf-board/>

Petition paper signatures: At DNF, where Pat Blair and supporting members are sitting out front to discuss core DNF Co-op values and what the petition is about, with paper petition form to sign.

Supporting Analysis (detailed 21-page document, including DNF financial performance graphs):

<http://alpineanalytics.com/reports/dnf/DNF-PETITION-to-remove-Board-SUPPORTING-ANALYSIS-8-27-2014.pdf>

“Open Communication to DNF members and the Durango Community” (a 2-page brief):

<http://alpineanalytics.com/reports/dnf/Open-Communication-to-DNF-members-8-31-2014-Root-Routledge.pdf>

Also see the Telegraph letters to editor in Thursday’s edition, September 4th, supporting the petition; but up through Saturday’s edition, the Herald has not published even one letter to editor on this issue.

Is your email address current with DNF? We have heard from several people that they did not receive the original “urgent member alert” email blast that announced the petition and had links to it and the supporting analysis. Please contact DNF (Brett or Evid at outreach@durangonaturalfoods.coop or at 970-247-8129) to make sure your email address is current in their member records list, if you’re not receiving things, so you will get the important announcements.

Is your membership paid up current? We are verifying petition-signer names to ensure their signatures count. You must be a “current member” (annual \$20 member equity fee paid up current until \$100). We’ve found several who are not; so please call to check if you’re not sure; and get in right away—before end of day Sunday—and make sure your membership is current or your signature won’t count. Thanks so much!

Sincerely,

Root Routledge and Pat Blair

