

Open communication to DNF members and the Durango community

Sunday, August 31st, 2014, by Root Routledge

Re: DNF Member Petition, August 27th, to remove DNF Board — updated information brief
Petition, located online and at DNF, is open for DNF member-only signing until midnight Sunday September 7th

ONLINE PETITION LINK: <https://durangonaturalfoods.wufoo.com/forms/petition-to-remove-dnf-board/>

Democratic institutions cannot survive without participation of their members; nor without access to open communication with members, whether we are just a local co-op or citizens of the entire country. Under foundational co-op principles, when the Board has made or is about to make egregious decisions not in the interest of the co-op and its members, it is the right of co-op members—indeed it is our obligation—to take responsibility for our co-op in a democratic way in order to protect it from further damage. Yet the Board, which is accountable to the members, controls access to the membership. Thus, as we have seen until now the only view on issues the members get is that of the Board. Ignoring this and looking out for the members' interests is having the courage to walk the path of truth and integrity.

The Durango Natural Foods Co-op Board fired our well-liked and competent Co-General Manager Kimberley Wiggins Thursday, August 28, for doing just that. Kim sent out an “urgent member alert” DNF email blast to all the members, at our request, with our cover letter and links to our member-initiated petition (it was not a DNF staff-initiated petition) to remove the Board, and a supporting analysis that debunks the Board's claims. (The cover letter was drafted, with input from others, by Pat Blair and myself, Root Routledge, the principal long-time DNF member-activists initiating an effort to save DNF.) Kim was fired 24 hours after it went out. The petition requests that the Board resign, to be replaced by a small interim board for stability and to set up new elections, with additional voting in the near future. No reason was given to Kim or the staff for her firing; and I found the mood of staff at DNF pretty glum when I walked into the store the day after.

A whistleblower always upsets organizational management and risks losing her job by stepping forward to do the right thing; in this case to get our petition and thorough analysis of this Board's decisions out to the DNF members. Kim, a 3-year DNF employee who has served as Co-GM since 2013 and has the crucial skills needed as a GM with a BS in Business Management and a BA in Accounting, has only chosen to do what was in the interest of the DNF members, disregarding on principle Board edicts to not share information with the members. There was no other way to reach out to and alert all Co-op members and exercise our democratic rights. Reinstating Kim to her job would be our first decision as a new interim Board, as she has simply made a courageous ethical decision and has done nothing wrong. We call on the co-op membership to stand in solidarity at this crucial time in DNF's 40-year history by signing the petition. Our intent is nothing less than a management “reset” at DNF.

We want the DNF and Durango community to know the reasons for our strong member-initiated democratic action to remove this Board, which are: the Board proceeding with a merger effort behind the back of the general membership that later on was touted as an “attractive opportunity” for DNF members, yet was not in our interest and though now tabled due to our efforts is still a future possibility and so is not a moot point; lack of transparency; and their threat to replace our DNF management staff, which they have now done.

In the Board's email blast communications and press releases, as well as at their August 18th Board meeting attended by what the *Herald* referred to as “the largest turnout of DNF Co-op members in recent memory,” they claimed “benefits” for a “merger” with Albuquerque-based La Montañita Co-op (LMC). The word “merger” is itself a misnomer and misrepresentation, since what is really going on were this to go through, is a full sale of all of DNF's assets, name, marketing images and intellectual property to LMC. The only “benefit” DNF members would get is credit toward membership in LMC. We would not be “merging” or “joining” LMC, since DNF would no longer exist as a local member-owned independent co-op with a local voice, the very roots

of our Co-op at its foundation. There would be no “we”. “Durango Natural Foods Co-op” would only be a store front name on a store to be owned and managed by an out-of-state co-op conglomerate.

The Board’s claims are baseless; and in fact are not true under close business examination of the current value of DNF to its members, which the Board seems blind to. The Board has touted their “merger” as an “attractive opportunity” holding “many advantages” for DNF members, but then proceeded to sell it to the members on how experienced and strong LMC is, potential for lower costs and better employee benefits; while indicating the process was well underway with upcoming integration meetings between respective staffs and managements. Several Board members stood up in favor of all this at the August 18th meeting.

The Board has made the unsubstantiated claim that “this transition will be great for our members, customers, and staff;” but not once have they been explicit about what those benefits would be. No facts or analysis about DNF’s current value to its owners, its financial health, or future prospects. All of that you will find in the supporting analysis to the member-petition. The petition wording (only DNF members can vote) and supporting analysis pdf, written by myself, is available at: <http://AlpineAnalytics.com/reports/dnf/DNF-PETITION-to-remove-Board-SUPPORTING-ANALYSIS-8-27-2014.pdf>. See related *Durango Herald* articles August 13th, 19th and 28th; and *Telegraph* article August 28th for more details. This letter is also available on the same site page as: “.../Open-Communication-to-DNF-members-8-31-2014-Root-Routledge.pdf”.

The lack of integrity in the Board’s statements, framing of the “merger”, and its lack of candor call for a brief explication of a few salient facts; about which the Board has remained mute. From everything that has been said and with even a bit of business acumen, we know that LMC would have bought all of DNF for the cost of our property mortgage, \$278,000. Yet, we hold property assets with a book value over \$650,000. And if one factors in the market value of DNF members’ assets, as well as its value as an ongoing business, our DNF co-op has a net worth of at least \$1,000,000. The only one getting paid anything would be the bank for the mortgage; LMC would simply inherit the entire million dollars of DNF value for nothing.

A thorough financial analysis, along with the strategic plan put together by our Co-GM’s at the beginning of 2014, show that we are a well-run organization in excellent shape for the future, having created and pursued “a readiness for growth” strategy. This, along with the sense of belonging to and owning a local co-op with a local voice, and all the relational benefits that go with that, are the values DNF members would lose with a sale of everything we currently hold. The lack of integrity via misrepresentations by the Board, with no backing whatsoever, is the core ethical justification for calling this Board to resign via our petition.

In the interest of stability, the petition contains a vote option for an immediate temporary Board. Pat Blair and I have stepped forward as a voluntary temporary two-member interim Board until elections can be set up to bring other Board members on; and if you have a background you think would be helpful to DNF, we encourage you to consider running as a nominee. Neither of us are attached to being on the Board for any other reason than to protect DNF and our members’ interests in the interim.

If enough member signatures on this petition, which is what it will take, bring things to a point forward where some creative and positive collaborative engagement can ensue, and other options manifest down the road where we can all move forward with integrity, nothing would please us more. The petition is available online and at DNF through September 7th.

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