

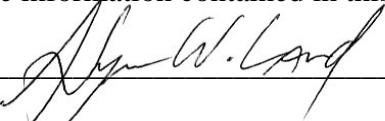
**INTERNAL MONITORING REPORT FROM THE GENERAL MANAGER**

POLICY TYPE: **EXECUTIVE LIMITATIONS**

POLICY TITLE: **B7: CUSTOMER SERVICE, VALUE, AND FOOD EDUCATION**

ADOPTED: 07.29.08 LAST REVISED: 04.19.10

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

Signed , General Manager

**Attachments:** Mystery Shopper Forms & Instructions; Owner Survey JULY 2010 OAW; Weekly Sales & Labor Report – 09/05/10; Loss Control Report JUN10 SummitWC; Wash Co Health Dept on-site inspection 041610 with follow-up; ARK Livestock Poultry Comm on-site inspection 072810 with follow-up; Ozark Natural Foods Standards of Quality; UNFI Kombucha RECALL JUN10; Natural Channel Recall Inventory Form Kashi; PB Recall UNFI Item List JAN09; Warehouse Recall Receipt List V2 FEB09; Cascadian Farms Voluntary Recall FEB09; Suggestions JUL10 – AUG10; Suggestions Log JUL10 – AUG10; Become an Owner brochure (2010); New Owner Handbook (2010)

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*The General Manager may not fail to ensure that our members and our customers receive high value in our products and services.*

**Operational Definition / Interpretation**

Appropriate resources are allocated and used to consistently provide knowledgeable, friendly and efficient service, which would, when measured by the perceptions of our customers, demonstrate that we provide high caliber customer service.

Allocation of resources includes development and maintenance of customer service guidelines, programs and ongoing customer service training for all staff.

**Measurement of customer perception will be accomplished by:**

**1. Design of customer service guidelines and programs and utilization of training programs.**

Ozark Natural Foods' Customer Service Training is modeled on the Zingerman Model of Customer Service Training. Current customer service training focuses on fulfilling the needs of our owners/shoppers while being personable, conversant, and knowledgeable. Training is conducted within the first 90 days of employment for each staff member, and again at the one (1) year Anniversary. Customer Service Training is also conducted at the departmental level, on a rotation that gives each department at least one (1) additional customer service training per year.

**2. Mystery shopper reports (high frequency)**

The Mystery Shopper Program (MSP) is used to provide measurement of customer satisfaction on a high frequency basis. In this reporting period we are re-implementing the MSP and plan to begin as many as four MSPs per month, beginning in October 2010. The MSP provides us with a quantitative measurement based on survey questions that cover all departments, customer service experience, and general store appearance.

**CAVEAT: FYI – no action needed:** The final fiscal quarter of 2010 will be used to establish a baseline measurement for the Mystery Shopper Program. Goals will be established during the first fiscal quarter of 2011.

**3. Questions on Owner Surveys (low frequency)**

Owner Surveys are conducted at each Owner Appreciation Weekend, at the Annual Owners Meeting, and at other time of the year to be determined by the Owner Services Director. Owner Surveys will focus on the following perceptions: value of owner benefits, co-op’s fulfillment of the cooperative principles, and general feedback. The benchmark for demonstrating compliance will be an 80% overall positive response on each question.

**4. Trends of customer counts and sales growth (ongoing).**

Positive growth in the number of customer served per month will be used to demonstrate compliance with this policy. Ozark Natural Foods will operate with a positive level of customer growth from year to year.

**5. In addition, regulatory compliance (health inspections, required trainings, adherence to our published Standards of Quality) will also be used to demonstrate compliance with this policy.**

**Data**

Programs and guidelines are maintained to measure customer satisfaction regarding the value of products we carry and the services we offer:

**Measurements include:**

**1. Guidelines, programs and utilization measures**

	Do guidelines and programs exist to better the customer service experience?	Does Data Indicate Compliance? Y/N
Customer Service Training – New Hires	YES	YES
Customer Service Training – Departmental	YES	YES

	# of trainings available	Percentage of participation (needs to be 100%)	Scores on 2009 Staff Survey Questions #56 & #57 (needs to be 3.50 or greater)	Does Data Indicate Compliance? Y/N
Hourly Staff Members	12	100%	3.79 / 3.81	YES
Supervisors	12	100%	4.20 / 4.40	YES

*2009 Staff Survey Question #56: I received well-planned and useful on-the-job training.*

*2009 Staff Survey Question #57: Training opportunities are available to all staff on a regular basis.*

**2. Mystery shopper table (aggregate data only)**

**Reinstated Program:** There is no data to report at this time. The Mystery Shopper Program is scheduled to resume on October 01, 2010. The final fiscal quarter of 2010 will be used to establish a baseline measurement. Goals for the Mystery Shopper Program will be established in the first fiscal quarter of 2011.

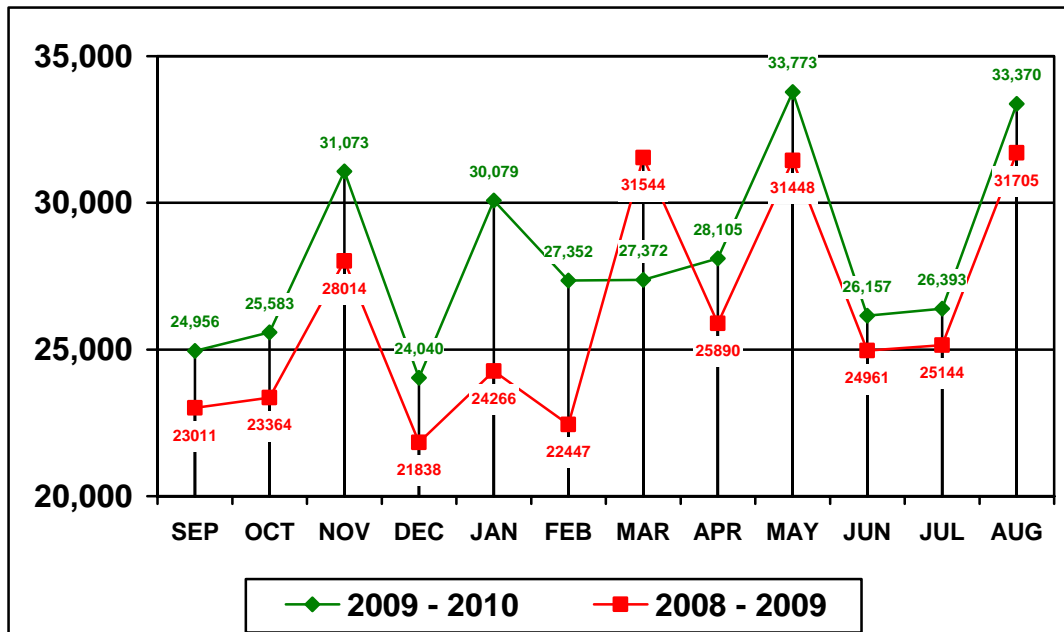
**Attached for review:** Mystery Shopper Forms & Instructions

**3. Questions on Owner Surveys (low frequency):**

Latest Owner Survey was conducted on: <b>Owner Appreciation Weekend July 10<sup>th</sup> &amp; 11<sup>th</sup>, 2010</b>	Compliance benchmark	Most recent scores, date: July 2010	Does data indicate compliance? Y/N
Question #1: Do you believe that the co-op is following the 7 Cooperative Principles?	80% YES	88.89% YES	YES
Question #2: Do these principles represent the values you have for the co-op?	80% YES	91.92% YES	YES

**Attached for review:** Owner Survey JULY 2010 OAW

**4. Trends for customer counts - # of customer transactions monthly (ongoing)**



**Attached for review:** Weekly Sales & Labor Report – 09/05/10

**5. Table of regulatory inspections and indication of compliance**

	Did it happen? (# of times since last report compared to 100% possible)  Date of Inspection?	Is there a record indicating either a lack of hazardous conditions or that all hazardous conditions were rectified in a reasonable time frame? Y/N	Does data indicate compliance? Y/N
Annual Loss Control Inspection by WC Insurance Carrier <small>(100% possible = 1 time)</small>	YES, 1 out of 1 times scheduled June 22, 2010	YES	YES
On-site Inspection by Washington County Health Department:	YES April 16, 2010	YES	YES
On-site Inspection by Arkansas Livestock & Poultry Commission (eggs)	YES July 28, 2010	YES	YES

**Attached for review:** Loss Control Report JUN10 SummitWC; Wash Co Health Dept on-site inspection 041610 with follow-up; ARK Livestock Poultry Comm on-site inspection 072810 with follow-up

	Have there been any reports of products that do not meet our quality standards being sold in the co-op? Y/N	Does data indicate compliance? Y/N
Ozark Natural Food's Standards of Quality	NO	YES

**Attached for review:** Ozark Natural Foods Standards of Quality

*Accordingly, the GM will not:*

*B7.A Fail to offer a range of products and services that meet our customers' needs.*

**Operational Definition / Interpretation**

As a retail grocery store, the co-op exists to meet customer needs. In the sub-policies that follow, the board specifies particular ways the co-op should meet customer needs. The overall result of all activities designed to meet customer needs should be a growing number of customers, and a growing percentage of those customers that express satisfaction with their co-op experience.

**New Program:** Starting in October, 2010, Ozark Natural Foods will begin using a pure version of “The Ultimate Question” in our surveys, and will begin tracking a “NetPromoter” score. Beginning in October, all surveys we distribute at the registers, or during Owner Appreciation Weekends, will ask the question: “How likely is it that you would recommend the Co-op to a friend or colleague? Use the scale below and circle your response. Scale: 10= totally, 5= neutral, 0= not at all.”

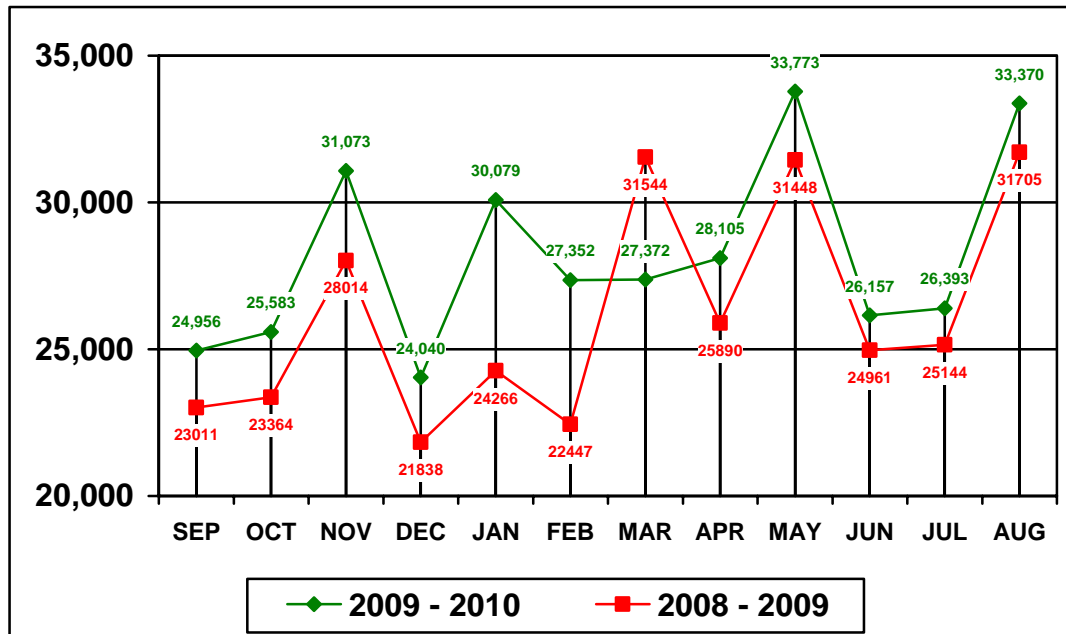
The NetPromoter score comes from the book “The Ultimate Question” by Fred Reichheld. “The NetPromoter score is the % of Promoters minus the % of Detractors. Promoters are customers who are so enthusiastic about a firm or brand that they not only increase their own purchases, but also refer their colleagues or friends.” Promoters are customers who rate you 9 or 10 on the question “Would you recommend us to a friend or colleague?” “Detractors are customers who feel so badly treated that they cut back on purchases, switch to the competition and warn others to stay away.” Detractors are customers who rate you a 6 or below. According to The Ultimate Question, the top service providers fall into the 50 to 80 range. The key is to get the score to go up over time.” At the Co-op, we will look for a NetPromoter score that is over 50% and is trending upward.

**Measurements include:**

- Customer count will grow from year to year.
- Net promoter score will be greater than 50%.
- Net promoter score will trend upward.

**Data:**

- **Customer count**



- **Net Promoter Score - No Data.**

**Caveat: FYI – no action needed:** The Marketing Director and the Owner Services Director will be re-instating Exit Surveys and Owner Surveys on a regular basis and will begin tracking our NetPromoter score.

NetPromoter trend information is not available at this time, because this is our first year using this metric. This data will be included in next year’s report and in subsequent reports.

*B7.B Allow an unsafe or unpleasant shopping experience for our customers.*

**Operational Definition / Interpretation**

Customers should expect to be reasonably safe while on our premises and while using products or eating food purchased from our co-op.

- The co-op will pass all health inspections.
- We will have fewer customer accidents than our highest annual incident rate of four (4) in 2008. Thus far in 2010, we have had zero (0) customer accidents.
- No customer will incur injury or illness as a result of purchasing any recalled product from the co-op.

**Data:**

- On April 16, 2010, the Washington County Health Inspector conducted a routine inspection of Ozark Natural Foods. A follow-up inspection was conducted on April 19, 2010. No CRITICAL violations were found to be uncorrected.

**Attached for review:** Wash Co Health Dept on-site inspection 04/16/10 with follow-up

- Accidents/Injuries (Note that compliance is based only on this reporting period. Previous years' data is shown FYI.)

12 month period ending	# of customer accidents	Does data indicate compliance? Y/N
8/31/10	0	YES
8/31/09	3	YES
8/31/08	4	YES

- Recalls (Note that compliance is based only on this reporting period. Previous years' data is shown FYI.)

12 month period ending	# of product recalls	# of reported injuries/illnesses due to recalled product	Does data indicate compliance? Y/N
8/31/10	8	0	YES
8/31/09	11	0	YES

**Attached for review:** UNFI Kombucha RECALL JUN10; Natural Channel Recall Inventory Form Kashi; PB Recall UNFI Item List JAN09; Warehouse Recall Receipt List V2 FEB09; Cascadian Farms Voluntary Recall FEB09

*B7.C Operate without a system for soliciting and considering customer opinion regarding preferences, product requests, complaints and suggestions.*

**Operational Definition / Interpretation**

A customer comment system is an integral part of monitoring customer opinions so as to provide value to customers. Businesses and communities change over time and it’s important to keep up with product requests and service issues. Continuous improvement over time is dependent on our ability to listen to and act on customer input.

- The co-op will have a system in which customers can offer requests, suggestions or other comments. Receipt of customer comments is evidence that the system is effective.
- The co-op will track all comments, distinguishing between product requests, positive and negative comments, and general suggestions.
- All customer comments will be reviewed by the Owner Services Director, and then distributed to the appropriate manager. Our goal is to respond directly to every comment containing contact information, and post in-store every comment that does not contain contact information. Comments will be recorded in a spreadsheet and response compliance monitored by the Owner Services Director.

**Data:**

- For the actual number of comments received, see the “Total” row in the table below.
- Customer comments for 2 month period (JUL10 – AUG10) ending 8/31:

Comment Type	JUL10 – AUG10	Does data indicate compliance? Y/N
Product requests	22	YES
Positive Customer Comments	0	YES
Negative Customer Comments	3	YES
General Suggestions	2	YES
Total	27	

- All comments were reviewed, distributed and recorded.

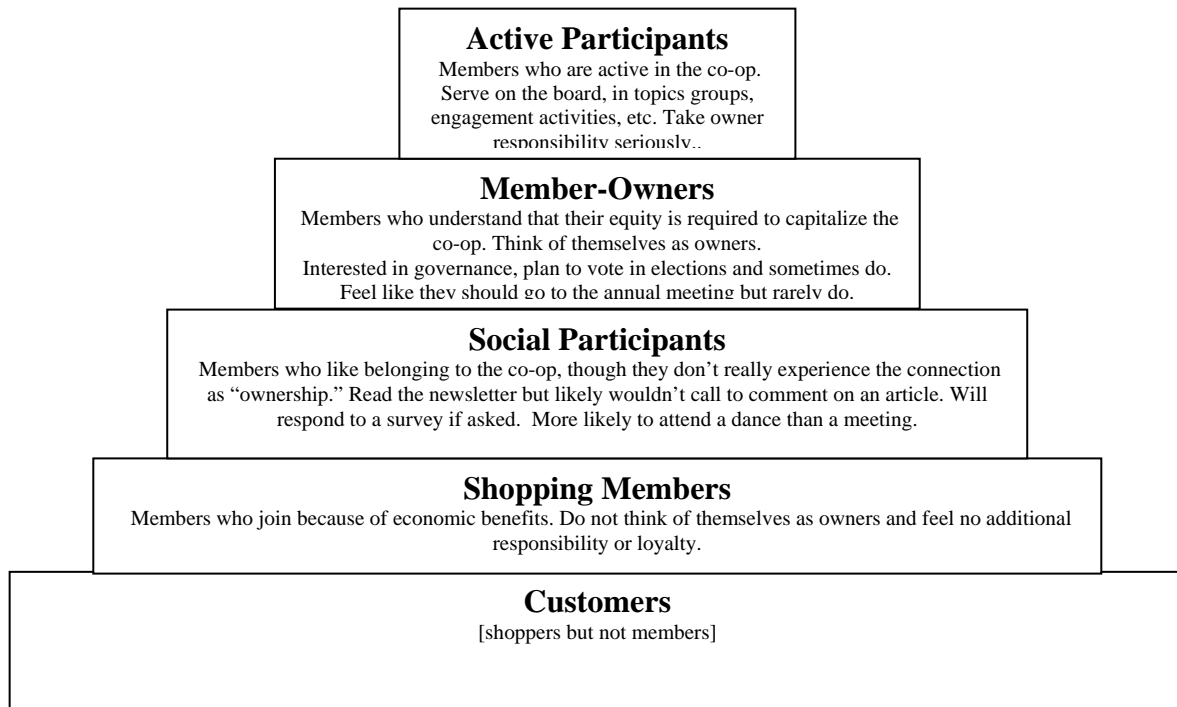
**Attached for review:** Suggestions JUL10 – AUG10; Suggestions Log JUL10 – AUG10

**Caveat: FYI – no action needed:** The Owner Services Director is currently re-organizing this program and will begin tracking customer suggestions/complaints more closely, starting OCT10.

*B7.D Fail to create and monitor strategies and programs that educate shoppers about the co-op business model and healthful living.*

**Operational Definition / Interpretation**

The Cooperative Business Model: Management will 1) establish, 2) maintain, and 3) promote strategies and programs that address customer questions and interests about the cooperative business model at all levels of member participation as described in “The Ownership Toolbox” by Karen Zimbelman and Marilyn Scholl. The four levels are (highest number of participants at bottom, fewest at top):



**Compliance with this sub-policy will be achieved if:**

- 1) **Establish.** Do programs for Cooperative Business Model and Healthful Living education exist? Do components exist for each level of shopper/member participation?
- 2) **Maintain.** Are the programs active?
- 3) **Promote.** Do we market the programs?

Ozark Natural Foods Internal Monitoring and Compliance Report

Policy B7: Customer Service, Value, and Food Education Date: September 28, 2010

**Data:**

	Customers	Shopping members	Social Participants	Member-Owners	Active Participants	Does data indicate compliance? Y/N
Established?	YES	YES	YES	YES	YES	YES
Maintained?	YES. Become an Owner Information is available at each register.	YES. New Owner Handbook is provided to every new owner.	YES. Demos and social events take place during the year.	YES. Patronage Refunds are issued. Newsletter articles target group.	YES. Annual Owners Meeting; Owner Forums conducted.	YES
Promoted?	YES. internal and external marketing	YES. internal and external marketing	YES. internal and external marketing	YES. internal and external marketing	YES. internal and external marketing	YES
Overall						YES

Management will have communication strategies in place for each level of shopper and member participation. These strategies will include multiple formats (written, in person, event-based, for example) so that members can get the information they need in order for them to participate in the Co-op at their desired level.

	Customers	Shopping members	Social Participants	Member-Owners	Active Participants	Does data indicate compliance? Y/N
Communication strategy in place?	YES. Focused on information available at check out. Cashier Training.	YES. Focused on education at time of equity payment.	YES. Focused on social gatherings that are scheduled throughout the year.	YES. Focused on in-store and direct mail print communication (Newsletter).	YES. Focused on Annual Owners Meeting Business Meeting.	YES

**Attached for Review:** Become an Owner brochure (2010); New Owner Handbook (2010)

**Operational Definition / Interpretation**

Healthful Living: Management will 1) establish, 2) maintain, and 3) promote strategies and programs that address member questions and interests about healthful living at all levels of shopper / member participation.

**Data:**

	Customers	Shopping members	Social Participants	Member-Owners	Active Participants	Does data indicate compliance? Y/N
Established?	YES	YES	YES	YES	YES	YES
Maintained?	YES. Trained Staff Members; Trained HBC Staff; Information Brochures at OSD	YES. Trained Staff Members; Trained HBC Staff; Health Notes; Wellness Consultant	YES. Alternative Healthcare Practitioner Directory; Attendance at local health fairs	YES. Annual Owners Meeting Health Fair; Wellness Consultant Discounted Rates	YES. Annual Owners Meeting Health Fair; Wellness Consultant Discounted Rates	YES
Promoted?	YES. internal and external marketing	YES. internal and external marketing	YES. internal and external marketing	YES. internal and external marketing	YES. internal and external marketing	YES

Management will have communication strategies in place for each level of shopper and member participation. These strategies will include multiple formats (written, in person, event-based, for example) so that members can get the information they need about Healthful Living at their desired level.

	Customers	Shopping members	Social Participants	Member-Owners	Active Participants	Does data indicate compliance? Y/N
Communication strategy in place?	YES. Focused on information available at check out. Staff Training.	YES. Focused on in-store channels. Health Notes, HBC Staff, Wellness Consultant	YES. Focused on attendance at local health fairs, and access to local, Alternative Healthcare Practitioners	YES. Focused on Annual Owners Meeting Health Fair; Wellness Consultant Discounted Rates	YES. Focused on Annual Owners Meeting Health Fair; Wellness Consultant Discounted Rates	YES