

Viroqua Food Cooperative Policy Governance Register

Version: January 2016

Contents

Ends—E.1 Ends 3

Governance Process—G.0.0 Global Governance Commitment 4

Governance Process—G.1.0 Governing Style 5

Governance Process—G.2 Board Job Description 6

Governance Process—G.3.0 Board of Directors’ Code of Conduct 7

Governance Process—G.4.0 Role of Board Officers 11

Governance Process—G.5.0 Agenda Planning 13

Governance Process—G.6.0 Board Committee Principles 14

Governance Process—G.7.0 Cost of Governance 15

Governance Process—G.8.0 Board Relationship to Members 16

Executive Limitations— 17

Executive Limitations—L.1.0 Treatment of Members and Customers 18

Executive Limitations—L.2.0 Treatment of Staff 19

Executive Limitations—L.3.0 Financial Planning and Budgeting..... 21

Executive Limitations—L.4.0 Financial Conditions and Activities 22

Executive Limitations—L.5.0 Executive Succession 24

Executive Limitations—L.6.0 Asset Protection 25

Executive Limitations—L.7.0 Compensation and Benefits 26

Executive Limitations—L.8.0 Communication and Support to the Board 27

Board-General Manager Linkage—M.0.0 Global Board-General Manager Linkage..... 29

Board-General Manager Linkage—M.1.0 Speaking with One Voice 30

Board-General Manager Linkage—M.2.0 Delegation to the General Manager 31

Board-General Manager Linkage—M.3.0 Accountability of the General Manager..... 32

Board-General Manager Linkage—M.4.0 Monitoring General Manager Performance..... 33

Board-General Manager Linkage—M.5.0 General Manager Personnel Policy..... 34

Appendices

Code of Conduct Annual Form

Policy Governance Source Document

Ends—E.1 Ends

Last revised: February 2011

This policy is monitored annually by written report to the Board.

Global Ends Statement

VFC exists so that our community is empowered at a worth sufficient to justify the cost.

E.1.1 Our community has access to socially and environmentally responsible products and services.

E.1.1.1 Our community has access to healthy food.
(VFC board identifies this as the highest priority End.)

E.1.2 Our community is knowledgeable about nutrition, consumer issues, and cooperative principles.

E.1.3 Our community has a flourishing cooperative economy.

E.1.4 Our community has a sustainable environment.

Governance Process—G.0.0 Global Governance Commitment

Last revised:

The purpose of the Board, working solely on behalf of the owner membership, is to ensure that Viroqua Food Cooperative achieves its stated ends and avoids unacceptable actions and situations.

Governance Process—G.1.0 Governing Style

Last revised: November 2010

This policy is monitored annually by direct Board inspection.

The Board will govern in a way that

- 1) Emphasizes future vision (more than past or present),
- 2) Emphasizes initiative and strategic leadership (not operational detail),
- 3) Provides clear distinctions of Board and management roles, and
- 4) Deliberates in many voices but governs in one voice.

Accordingly:

G.1.1 The Board will strive to achieve decision-making through the following process.

- a. Around-the-table discussion of the item at hand
- b. With a call for agreement, and
- c. If the decision is blocked by the agreed end of agenda time, a majority vote of all Board members, not just those in attendance, is required.

Governance Process—G.2 Board Job Description

Last revised:

This policy is monitored annually by direct inspection by the Board.

The job of the Board is to represent the members in determining and demanding appropriate organizational performance.

G.2.1 The Board will establish and maintain the link between the owners and their cooperative.

G.2.2 The Board will produce written governing policies that, at the broadest levels, address each category of organizational decisions:

- a) *Ends*: what benefits for which needs at what cost.
- b) *Executive Limitations*: the boundaries of prudence and ethics to be observed by the General Manager.
- c) *Governance Process*: how the Board conceives, carries out, and monitors its own tasks.
- d) *Board-General Manager Relationship*: how power is delegated and its proper use monitored.

G.2.3 The Board monitors performance in each of these areas.

G.2.4 The Board will perpetuate itself through recruitment, training, and ongoing professional development, including monitoring and self-evaluation.

Governance Process—G.3.0 Board of Directors’ Code of Conduct

Last revised: Dec 2014

This policy is monitored annually by direct inspection by the Board.

The Board commits itself and all individual Board members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting or appearing to act as Board members.

G.3.1 The Board will “speak with one voice,” that is, all Board members will support and defend the decisions made by the Board as a whole.

G.3.2 Because the Board speaks with one voice, Board members may not attempt to exercise individual authority over VFC operations except as explicitly set forth in Board policies.

a) Board members’ interaction with the public, press, or other entities must recognize these limitations as well as the ineligibility of any Board member to speak for the Board as a whole except to repeat explicitly stated Board decisions.

b) Board members will voice no judgments about the performance of the General Manager or the staff, publicly or privately, except during Board meetings as that performance is assessed against explicit Board policies by the official process defined in Board policies.

c) Individual Board members must recognize their lack of authority in any interaction with the General Manager or with staff, except as noted above. All decisions affecting the staff will be reported to the staff by the General Manager unless the Board directs otherwise.

d) Board authorization of individual Board members to act on behalf of the Board will be rare, will state explicitly the expected outcome and responsibility, will be limited in time and scope, and must be clear to all Board members.

e) Board members have a responsibility to ensure that their actions or statements are clear and will not be interpreted as speaking for the Board or with individual authority.

G.3.3 Board members must represent un-conflicted loyalty to the interests of the VFC owner membership. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups or staff. It also

supersedes the personal interests of any director acting as an individual consumer of VFC's services and any philosophical or political belief or personal associations.

G.3.4 Board members must avoid conflicts of interest with respect to their fiduciary responsibility.

a) There must be no self-dealing or any conduct of private business or personal services between any director and the VFC, except as procedurally controlled, to assure openness, competitive opportunity, and equal access to inside information.

b) When the Board is to decide an issue about which a Board member has an unavoidable conflict of interest, that member must absent herself or himself, without comment on the issue, from the deliberation and the vote.

c) Board members must not use their positions to obtain for themselves, family members or close associates employment within the organization. Should a Board member desire such employment, he or she must first resign.

d) Board members will disclose their involvement with any vendors, other organizations, and activities that might produce a conflict of interest. If at any time during a Board member's term of office, a conflict of interest arises with employment, family, close associates, staff, or others, she or he must immediately report the facts to the full Board.

G.3.5 An individual Board member shall maintain confidentiality as needed to protect the Cooperative's interests and financial viability. Directors shall not discuss disputed or confidential corporate actions, policies, or issues with Cooperative's members, employees, or the general public unless the Board has decided that such information are no longer confidential. All issues related to personnel, real estate, business strategies and goals, pending litigation, and details of the Cooperative's financial status will be considered sensitive issues subject to confidentiality unless or until the Board as a whole approves full disclosure.

G.3.6 Board members will act in accordance with all relevant state and federal laws, the Articles of Incorporation, the Bylaws, and Board policies.

a) A director is expected to regularly attend board meetings, the annual owner meeting and the annual board retreat. Attendance is

acceptable via electronic means. A director who misses three regularly scheduled meetings within a fiscal year will be considered out of compliance with this policy.

b) A Board member who consistently demonstrates lack of preparation, disregard of policy-making principles, or a tendency to stray from governance or otherwise disrupt Board meetings may be cautioned by any Board member. If, in any Board member's judgment, this conduct is such as to greatly hinder the Board in doing its job, he or she may ask the President to proceed under the Vote of No Confidence policy.

c) In any violation of Board policy, the Board member involved or any Board member who has knowledge of the violation must immediately notify the Board President.

1) As a self-policing Board, all Board members are responsible for Board discipline.

2) A Board member's own reporting of a violation does not exempt the Board member from subsequent Board action. However, it demonstrates good faith, and mitigating circumstances may be considered by the Board.

3) Failure to report a known violation shall be considered a breach of duty.

4) The Board expects the General Manager to report any violation of policy to the Board President.

G.3.7 Vote of No Confidence: A Board member who by a vote of the Board has been found to be in violation of Board policies or the Board code of conduct and in whom the Board has no confidence, shall be expected to resign from the Board.

The Board shall use the following procedure for a Vote of No Confidence:

1) Any Board member who, after consulting with the Board President, wishes to proceed to a Vote of No Confidence for a violation of Board policy must submit the case to the Board in writing, referring to the specific policy or policies, and labeled as a confidential document. Discussion and action on a Vote of No Confidence shall be conducted in executive session at a special Board meeting noticed to Board members according to the Bylaws or cooperative statutes. No one shall be allowed in an executive session on a Vote of No Confidence except

Board members.

2) The Board member(s) who is/are the subject of a Vote of No Confidence action shall have the opportunity to defend their actions in executive session.

3) In executive session, the President has responsibility for articulating the facts of the policy violation and making the motion for the no confidence resolution. The formal motion will be made as follows: "The Board finds _____ in violation of Board policy. Having no confidence in her/him, we ask for her/his resignation from the Board." Quorum will be determined excluding the parties on whom the vote is being taken. A majority vote of those Board members voting, excluding abstentions, at the meeting is required to pass the motion. The Board will vote by signed ballot. A member who is the subject of the resolution has a clear conflict of interest and must abstain. Other Board members who have a personal relationship with the subject of the motion must bear in mind their statutory responsibility to put the interests of the organization above their personal relationships and if they cannot do so, must also abstain.

4) In each case when a Vote of No Confidence is taken, a majority vote of those Board members voting, excluding abstentions, will decide whether to publish the resolution in the cooperative's monthly newsletter along with the outcome of the Board's vote on the resolution and the vote of each Board member.

5) The responsibility for the Vote of No Confidence procedure is assigned to the Board President. She/he has the authority to convene executive sessions and to take such actions as necessary to facilitate the process. If the Board President is the subject of the policy violation, this responsibility passes to the Board Vice President. The duty of Board members and the General Manager to report policy violations would then redirect to the Vice President. In the event that the Board President and Vice President are the subjects of the policy violation, the full Board assumes responsibility for the procedure and reporting and will designate an acting Chair for the executive session.

Governance Process—G.4.0 Roles of Board Officers

Last revised: Dec 2014

This policy is monitored annually by direct inspection by the Board.

We will elect officers in order to help us accomplish our job.

G.4.1 No officer has any authority to supervise or direct the GM.

G.4.2 Officers may delegate their authority but remain accountable for its use.

G.4.3 The president:

- a. Ensures the Board acts consistently with Board policies.
- b. Is authorized to use any reasonable interpretation of the provisions in the Board Process and Board-Management Relationship policies.
- c. Will chair and set the agenda for Board meetings.
- d. Plans for leadership (officer) perpetuation.
- e. May represent the Board to outside parties.

G.4.4 The vice-president will perform the duties of the president in her/his absence.

- a. Vice-president will lead Nomination & Election process

G.4.5 The Board secretary shall ensure the accuracy and completeness of the Board's records of its actions. To this end, the secretary shall ensure that:

- b. All Board meeting minutes are complete, accurate, approved by the Board, and maintained in a permanent archive.
- c. The Articles of Incorporation, Bylaws, and all Board policies are kept current provided to all Board members and the General Manager, and maintained in an archive.
- d. All Board notices and reports required by statute, regulation, policy, bylaw and Board resolution are issued to the appropriate parties, including posting the date, time, and location of Board and general owner membership meetings.

- e. All board and owner-membership meeting minutes are complete and accurate and maintained in a permanent archive, and posted and available for the owner membership as appropriate.
- f. The General Manager's contract and evaluation are safe and secure.
- g. The Board policy register is updated annually, and new Board members are granted access the policy register.

G.4.6 The Board Treasurer shall ensure the integrity of the Board's budget and inform the board and the owner membership about the finances of the co-operative. To that end, the Treasurer shall ensure that:

- a. Financial reports are prepared in accordance with generally accepted accounting principles.
- b. Any financial issues identified in the independent financial review or by the cooperative's internal systems are resolved to the satisfaction of the examining party.
- c. A report on the financial status of the co-operative is presented at the annual owner membership meeting.
- d. The Board develops, approves, and abides by a budget for the Board.
- e. New directors receive financial statement training and an explanation of the current financial situation authorized expenses incurred in the course of doing the Board's work.

Governance Process—G.5.0 Agenda Planning

Last revised:

This policy is monitored annually by direct inspection by the Board.

We will follow an annual agenda that focuses our attention upward and outward.

G.5.1 Our annual governance cycle will run from July 1 to June 31st.

G.5.2 We will create, and modify as necessary, an annual calendar that includes the items mentioned in this policy, owner membership meetings, Board training schedule, monitoring schedule, and the GM evaluation and compensation decisions as outlined in our Board-Management Relationship policies.

G.5.3 Throughout the year, we will attend to consent agenda items as expeditiously as possible.

G.5.4 We will limit the amount of meeting time taken up by Executive Limitations monitoring reports, discouraging discussion unless the reports indicate policy violations, or the policy criteria themselves need review.

Governance Process—G.6.0 Board Committee Principles

Last revised: February 2015

This policy is monitored annually by direct inspection by the Board.

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

G.6.1 Board committees exist to help the Board, never to help or advise the 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 staff operations.

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

b) Committees will report to the Board.

G.6.2. The Board Nominating Committee shall present to the Board and the owner membership of the Cooperative a slate of nominees for the annual vacancies of the Board.

a) The Committee shall educate the owner membership and nominees about the responsibilities and challenges of Board participation.

b) This Committee is activated by the vice-president of the Board.

Governance Process—G.7.0 Cost of Governance

Last revised: March 2013

This policy is monitored annually by direct inspection by the Board.

We will invest in the Board's governance capacity.

1. We will make sure that Board skills, methods and supports are sufficient to allow us to govern with excellence.
2. We will incur governance costs prudently, though not at the expense of endangering the development and maintenance of superior capability.
3. We will use training and retraining liberally to orient new directors and candidates for owner membership, as well as to maintain and increase existing directors' skills and understanding.
4. We will arrange outside monitoring assistance as necessary so that the Board can exercise confident control over organizational performance.
5. We will use outreach mechanisms as needed to ensure our ability to listen to owner viewpoints and values.
6. We will use professional and administrative support as needed.
7. We will develop the Board's annual budget in a timely way so as to not interfere with the development of the Cooperative's annual budget. In no case will we complete this work later than the end of April.

Governance Process—G.8.0 Board Relationship to Owners

Last revised:

This policy is monitored annually by direct inspection by the Board.

The Board has fiduciary and legal responsibility to the owners; it obtains its authority from and represents the owners. The relationship with owners is the Board's primary relationship.

G.8.1 The Board is responsible for linkage with owners.

a) Since the Board represents the owners, it shall engage in a continuous process to educate itself regarding the values held by the owners and shall act always under the influence of those values.

b) The Board shall work to assure a clear avenue of communication between the Board and the owner membership. Board members shall make themselves available to the owner membership individually and as a whole.

G.8.2 Written communication from owners to individual Board members shall be reported to the entire Board at or before the next scheduled meeting.

G.8.3 The Board will report decisions made in Board meetings to the owner membership as quickly as practical.

Executive Limitations—L.0.0 Global Executive Constraint

Last revised:

The General Manager shall not cause or knowingly permit any practice, activity, decision or organizational circumstance which is either illegal or in violation of commonly accepted business and professional ethics.

Executive Limitations—L.1.0 Treatment of Members and Customers

Last revised:

This policy is monitored annually by written report to the Board.

With respect to interactions with members and customers, the General Manager shall not cause or allow conditions, procedures, or decisions that are illegal or inconsistent with the International Cooperative Principles.

<http://www.ica.coop/coop/principles.html>

The General Manager will not:

L.1.1 Discriminate based on race, religion, color, creed, political affiliation, sexual orientation, national origin, gender, age, marital status, or physical disability.

L.1.2 Fail to ensure the accuracy, privacy and security of all member information.

L.1.3 Operate without a system for soliciting, considering and addressing customer and/or member opinion regarding preferences, product requests, complaints, and suggestions.

Executive Limitations—L.2.0 Treatment of Staff

Last revised:

This policy is monitored annually by written report to the Board and third party survey results.

With respect to the treatment of unpaid or paid staff, the General Manager shall not cause or allow conditions that are unsafe or illegal.

The General Manager shall not:

L.2.1 Fail to comply with local, state, and federal laws and regulations. 6/09

L.2.2 Fail to evaluate each paid staff member at least annually based upon pre-established criteria.

L.2.3 Fail to operate without written and enforced personnel policies that clarify personnel rules for staff, specifically hiring, firing, evaluation, and layoff procedures, access to personnel files, and compensation.

L.2.4 Prevent staff from presenting a written complaint to the Board when

- a. Internal procedures have been exhausted, and
- b. The employee alleges that Board policy has been violated to his or her detriment.

L.2.5 Fail to orient staff to the Cooperative and the cooperative movement.

L.2.6 Fail to provide training, performance assessment, and professional development, for each staff member.

L.2.7 Fail to post openings for staff about opportunities to apply for open positions at VFC.

L.2.8 Fail to provide a positive work environment by:

- a. Providing channels for staff input into decisions about how their work is done.
- b. Providing sufficient tools, information and technology needed for staff to perform their jobs.

- c. Cultivating a workplace culture that emphasizes recognition and appreciations.
- d. Providing mechanisms for staff involvement in operational improvements.
- e. Regularly obtaining an objective assessment of the employee's perception of the current work.

Executive Limitations—L.3.0 Financial Planning and Budgeting

Last revised: August 2010

This policy is monitored annually by written report to the Board.

Financial planning for any fiscal year or the remaining part of any fiscal year shall not deviate materially from the Board's Ends policies, risk financial jeopardy, or fail to be derived from a multi-year plan.

The General Manager shall not implement a budget that:

L.3.1 Contains too little information to enable credible, conservative projection of revenues, separation of capital and operational items, cash flow, and disclosure of planning assumptions.

Executive Limitations—L.4.0 Financial Conditions and Activities

Last revised: August 2010

*L.4.1 through L.4.8 is monitored annually by written report to the Board.
L.4.9 is monitored quarterly by written report to the Board. The entire policy is monitored annually by external financial review.*

In ongoing financial conditions and activities the GM shall not cause or allow deviations from the 1) budget, 2) Ends policy, and 3) generally accepted accounting principles.

Accordingly, the General Manager shall not:

L.4.1 Fail to maintain necessary financial records in accordance with generally accepted accounting principles.

L.4.2 Fail to file all tax payments or other government-ordered payments or filings accurately and on time.

L.4.3 Fail to settle payroll and debts and pursue accounts receivable in a timely manner and observe all loan covenants and other financial contracts.

L.4.4 Cause indebtedness other than trade payables, without prior board approval.

L.4.5 Make a single unbudgeted purchase or commitment of greater than \$10,000 without Board approval.

L.4.6 Use cash reserves or restricted funds except as designated.

L.4.7 Dispose of long-term assets valued at more than \$5,000 without prior Board approval.

L.4.8 Fail to schedule and provide information to the biennial end of fiscal year financial review and/or audit to be conducted by the cooperative's designated auditor selected by the Board.

L.4.9 Operate without pricing and expense controls to achieve a net income of at least that established by board-reviewed budget for the current fiscal year.

L.4.10 Redeem more than \$1000.00 of Class A member equity shares in one fiscal year without prior Board approval.

Executive Limitations—L.5.0 Executive Succession

Last revised:

This policy is monitored annually by written report to the Board.

The General Manager shall not operate without a written plan for emergency management succession.

The General Manager shall not:

L.5.1 Fail to establish a "chain of command" to be used at any time the General Manager is unable to serve (planned or emergency absence). Fail to identify said persons to the Board and require the next in charge to attend at least one Board meeting per year.

L.5.2 Fail to identify said persons to the Board and requires the next in charge to attend at least one Board meeting per year.

L.5.3 Fail to establish and document systems and procedures so that others can find information needed to meet the Co-op's obligations in a planned or emergency GM absence.

L.5.4 Fail to actively prepare through training, coaching, development and information at least one staff member who could be a candidate for General Manager if needed.

Executive Limitations—L.6.0 Asset Protection

Last revised:

This policy is monitored every other year by independent financial review and annually by written report to the Board.

The General Manager shall not allow the Cooperative's assets to be unprotected, inadequately maintained, unnecessarily risked, or jeopardized by conflict of interest.

The General Manager shall not:

L.6.1 Unnecessarily expose the organization, its Board, or its staff to claims of liability.

L.6.2 Fail to establish safeguards to protect the cooperative from theft, loss, or damage of property.

L.6.3 Fail to establish controls and training procedures for the handling of cash and for receiving, processing, and disbursing funds.

L.6.4 Fail to receive, process, or disburse funds under controls sufficient to meet the Board's appointed reviewers' standards.

L.6.5 Allow any one individual to have complete authority over a financial transaction, in an amount material to the Cooperative's operations.

L.6.6 Fail to properly maintain building and equipment.

L.6.7 Fail to insure against theft and casualty losses to at least 80% of replacement value and against liability losses to Board members, staff and the organization itself in an amount greater than average for comparable organizations.

L.6.8 Fail to deposit not less than 80% of the cooperative's funds in institutions where all of the Cooperative's deposited funds are insured. Up to 20% of the cooperative's funds, not to exceed \$100,000, may be deposited at institutions where the funds will not be insured only when such institutions support cooperative development and the risk is minimized.

Executive Limitations—L.7.0 Compensation and Benefits

Last revised:

This policy is monitored annually by written report to the Board.

With respect to employment, compensation and benefits to employees, consultants, contract workers, and volunteers, the GM shall not cause or allow jeopardy to fiscal integrity or public image.

Accordingly, the General Manager shall not:

L.7.1 Promise or imply permanent employment.

L.7.2 Establish or change compensation plans so as to cause unpredictable or inequitable situations, incur unfunded liabilities, create compensation obligations over a longer term than revenues can be safely projected, or allow any employee to lose benefits already accrued from any foregoing plan.

L.7.3 Fail to follow the Board's stated guidelines for the compensation of the General Manager.

Executive Limitations—L.8.0 Communication and Support to the Board

Last revised:

This policy is monitored annually by written report to the Board.

With respect to providing information and counsel to the Board, the General Manager may not cause or allow the Board to be uninformed or misinformed.

Accordingly, the General Manager shall not fail to:

L.8.1 Make the Board aware of relevant trends, public events of the Cooperative, or internal and external changes which affect the assumptions upon which Board policy has previously been established.

L.8.2 Submit timely, accurate, and understandable monitoring data required by Board policy under monitoring Executive Performance.

L8.2.1 Inform the Board, in a timely manner of actual or anticipated non-compliance with Ends or Executive Limitations polices.

L8.2.2 Submit monitoring reports that include: Policy criteria repeated in the report, an explanation of the Manager's interpretation of the policy and data that address the policy criteria. Data should focus on results rather than activities, and should demonstrate whether actual situation is a reasonable interpretation of policy. No excessive information. Include an explanation and a plan to move toward compliance, if the report indicates an out-of-compliance situation. Include a clear indication of which aspects of the report are changed since the last report.

L.8.3 Advise the Board if, in the General Manager's opinion, the Board or one of its members is not in compliance with the Board's policies on Board Process or Board/General Manager Relationship, particularly if the case is detrimental to the work of the General Manager or the relationship between the General Manager and the Board.

L.8.4 Provide the Board with sufficient staff administration to support governance activities and Board communication.

L.8.5 Deal with the Board as a whole.

L.8.6 Gather and provide information to the Board as needed and as requested for fully informed and timely Board decision-making.

L.8.6.1 Inform the Board if, in the General Manager's opinion, any of the Board's policies should be clarified, amended, deleted or made more specific.

Board-General Manager Linkage—M.0.0 Global Board-General Manager Linkage

Last revised:

The Board's sole official connection to the operating organization, its achievement and conduct, will be through a General Manager.

Board-General Manager Linkage—M.1.0 Speaking with One Voice

Last revised: March 2008

This policy is monitored annually by direct Board inspection.

Only decisions of the Board acting as a body are binding on the General Manager.

M.1.1 Decisions or instructions of individual Board members, officers, or committees are not binding on the General Manager except in instances when the Board has specifically authorized such exercise of authority in writing.

M.1.2 In the case of Board members or committees requesting information or assistance without Board authorization, the General Manager may refuse such requests that, in the General Manager's opinion, require a significant amount of staff time or funds, or are disruptive.

Board-General Manager Linkage—M.2.0 Delegation to the General Manager

Last revised: Feb 2013

This policy is monitored annually by direct Board inspection.

The Board will instruct the General Manager through written policies that describe the operational Ends to be attained and the Executive Limitations to be avoided, allowing the General Manager to use any reasonable interpretation of these policies.

M.2.1 The Board will develop policies instructing the General Manager to achieve certain results for the owners and customers at a worth sufficient to justify the cost. These policies will be developed from the broadest, most general level to more defined levels and are called *Ends Policies*.

M.2.2 The Board will develop policies that limit the operational reach of the General Manager's authority in choosing the operational means. These policies will be developed from the broadest, most general level to more defined levels and are called *Executive Limitations Policies*.

M.2.3 Using any reasonable interpretation of the Board's Ends and Executive Limitations policies, the General Manager is authorized to establish all further policies, make all decisions, take all actions, establish all practices, and develop all activities.

M.2.4 The Board may change its Ends and Executive Limitations policies, thereby shifting the boundary between the Board and General Manager. By doing so, the Board changes the decision ability given to the General Manager. As long as any particular policy is in place, the Board will respect and support the General Manager's choices.

M.2.5 For all organizations of which the Co-op is a member, GM is authorized to vote on behalf of the Co-op in all board elections except where board ratification is required.

Board-General Manager Linkage—M.3.0 Accountability of the General Manager

Last revised:

This policy is monitored annually by direct Board inspection.

The General Manager is the Board's only official link to operational achievement and conduct; all authority and accountability of staff is the authority and accountability of the General Manager.

M.3.1 The Board will refrain from giving instructions to persons who report directly or indirectly to the General Manager.

M.3.2 The Board will refrain from evaluating, either formally or informally, any staff other than the General Manager.

M.3.3 The Board will view General Manager performance as identical to operational performance, so that operational accomplishment of Board-stated Ends and operation within Board-stated Executive Limitations will be viewed as successful General Manager performance.

M.3.4 Should the General Manager deem it necessary to violate Board policy, s/he shall inform the Board president. Informing is simply to guarantee no violation may be intentionally kept from the Board, not to request approval. The response of the President, either approving or disapproving, does not exempt the General Manager from subsequent Board judgment of the action.

Board-General Manager Linkage—M.4.0 Monitoring General Manager Performance

Last revised:

This policy is monitored annually by direct Board inspection.

The General Manager's performance will be evaluated solely against the expected General Manager job outputs: accomplishment of Board policies on Ends, and operation within the boundaries established in Board policies on Executive Limitations.

M.4.1 Monitoring is done solely to determine the degree to which Board policies are being met. The Board may only use data that serve this purpose to evaluate the performance of the General Manager.

M.4.2 In monitoring every Ends and Executive Limitations policy, the standard for compliance shall be any reasonable interpretation of the policy by the General Manager.

M.4.3 All policies that instruct the General Manager shall be monitored at a frequency and by a method chosen by the Board as defined in Governance Process policies. The Board may monitor any policy at any time by any method, but will ordinarily follow the schedule defined in Governance Process policies.

Board-General Manager Linkage—M.5.0 General Manager Personnel Policy

Last revised:

This policy is monitored annually by direct Board inspection.

The Board will implement the General Manager's personnel policies.

M.5.1. The Viroqua Food Co-op personnel policies will apply to the General Manager in the same manner as it applies to all employees except that the General Manager will be reviewed and evaluated in direct relationship to the Executive Limitations Governance Policy.

M.5.2. Part of the General Manager's personnel policies includes an annual wage and benefit review by the Board.

M.5.3. On an annual basis, the board will provide, in writing, a copy of the GM evaluation as well as a review of the wage and benefit package.

Appendices

**Viroqua Food Co-op
Code of Conduct Agreement
For Board of Directors**

I agree to abide by Board Policy G.3 Code of Conduct and any subsequent changes the board makes to that policy. I understand that if, in the opinion of 2/3 of co-op directors, I have violated the letter or spirit of the Code of Conduct, the board has the ability to vote to remove me from the board in accordance with policy G.3.

According to Policy G.3 I have an affirmative duty to disclose my actual and potential conflicts of interests, including relationships (such as with associations, organizations of which our Co-op is a member, Co-op employees and vendors) which may pose a conflict of interest in whole or in part with respect to my service on the board. These are listed below. I understand that I have a duty to disclose any additional actual or potential conflicts that may arise and to abide by board policy regarding participation in matters under consideration by the board.

Signature of Director/Candidate

Date

Note: This form is to be completed by all directors annually, within one month following board elections.

POLICY GOVERNANCE® SOURCE DOCUMENT

Why a Source Document?

A “source” is a point of origin. A source document is a “fundamental document or record on which subsequent writings, compositions, opinions, beliefs, or practices are based.” (Websters')

Without a simply expressed clear point of source, interpretations, opinions, writings and implementations may intentionally or unintentionally diverge from the originating intent and ultimately be undifferentiated. The point of source (“authoritative source”) is John Carver, the creator of Policy Governance, with Miriam Carver his fellow master teacher.

Without a simply expressed clear source document, Policy Governance is not reliably grounded and not transferable as a paradigm of governance. It is left vulnerable to interpretation, adaptation and impotence. This document has been produced by the International Policy Governance Association and approved by John and Miriam Carver as being true to source.

What Policy Governance is NOT!

1. Policy Governance is not a specific board structure. It does not dictate board size, specific officers, or require a CEO. While it gives rise to principles for committees, it does not prohibit committees nor require specific committees.
2. Policy Governance is not a set of individual “best practices” or tips for piecemeal improvement.
3. Policy Governance does not dictate what a board should do or say about group dynamics, methods of needs assessment, basic problem solving, fund raising, managing change.
4. Policy Governance does not limit human interaction or stifle collective or individual thinking.

What Policy Governance IS!

Policy Governance is a comprehensive set of integrated principles that, when consistently applied, allows governing boards to realize owner-accountable organizations.

Starting with recognition of the fundamental reasons that boards exist and the nature of board authority, Policy Governance integrates a number of unique principles designed to enable accountable board leadership.

Principles of Policy Governance

1. **Ownership:** The board exists to act as the informed voice and agent of the owners, whether they are owners in a legal or moral sense. All owners are stakeholders, but not all stakeholders are owners, only those whose position in relation to an organization is equivalent to the position of shareholders in a for-profit corporation.

2. **Position of Board:** The board is accountable to owners that the organization is successful. As such it is not advisory to staff but an active link in the chain of command. All authority in the staff organization and in components of the board flows from the board.

3. **Board Holism:** The authority of the board is held and used as a body. The board speaks with one voice in that instructions are expressed by the board as a whole. Individual board members have no authority to instruct staff.

4. **Ends Policies:** The board defines in writing its expectations about the intended effects to be produced, the intended recipients of those effects, and the intended worth (cost-benefit or priority) of the effects. These are Ends policies. All decisions made about effects, recipients, and worth are Ends decisions. All decisions about issues that do not fit the definition of Ends are means decisions. Hence in Policy Governance, means are simply not Ends.

5. **Board Means Policies:** The board defines in writing the job results, practices, delegation style, and discipline that make up its own job. These are board means decisions, categorized as Governance Process policies and Board-Management Delegation policies.

6. **Executive Limitations Policies:** The board defines in writing its expectations about the means of the operational organization. However, rather than prescribing board-chosen means – which would enable the CEO to escape accountability for attaining Ends, these policies define limits on operational means, thereby placing boundaries on the authority granted to the CEO. In effect, the board describes those means that would be unacceptable even if they were to work. These are Executive Limitations policies.

7. **Policy Sizes:** The board decides its policies in each category first at the broadest, most inclusive level. It further defines each policy in descending levels of detail until reaching the level of detail at which it is willing to accept any reasonable interpretation by the applicable delegatee of its words thus far. Ends, Executive Limitations, Governance Process, and Board-Management Delegation policies are exhaustive in that

they establish control over the entire organization, both board and staff. They replace, at the board level, more traditional documents such as mission statements, strategic plans and budgets.

8. Clarity and Coherence of Delegation: The identification of any delegatee must be unambiguous as to authority and responsibility. No subparts of the board, such as committees or officers, can be given jobs that interfere with, duplicate, or obscure the job given to the CEO.

9. Any Reasonable Interpretation: More detailed decisions about Ends and operational means are delegated to the CEO if there is one. If there is no CEO, the board must delegate to two or more delegates, avoiding overlapping expectations or causing confusion about the authority of various managers. In the case of board means, delegation is to the CGO unless part of the delegation is explicitly directed elsewhere, for example, to a committee. The delegatee has the right to use any reasonable interpretation of the applicable board policies.

10. Monitoring: The board must monitor organizational performance against previously stated Ends policies and Executive Limitations policies. Monitoring is for the purpose of discovering if the organization achieved a reasonable interpretation of these board policies. The board must therefore judge the CEO's interpretation for its reasonableness, and the data demonstrating the accomplishment of the interpretation. The ongoing monitoring of board's Ends and Executive Limitations policies constitutes the CEO's performance evaluation.

All other practices, documents, and disciplines must be consistent with the above principles. For example, if an outside authority demands board actions inconsistent with Policy Governance, the board should use a 'required approvals agenda' or other device to be lawful without compromising governance.

Policy Governance is a precision system that promises excellence in governance only if used with precision. These governance principles form a seamless paradigm or model. As with a clock, removing one wheel may not spoil its looks but will seriously damage its ability to tell time. So in Policy Governance, all the above pieces must be in place for Policy Governance to be effective. When all brought into play, they allow for a governing board to realize owner accountability. When they are not used completely, true owner accountability is not available.

Policy Governance boards live these principles in everything they are, do and say.

Produced by International Policy Governance Association in consultation with John and Miriam Carver, 2005 – 2007 – 2011.

Policy Governance® is a registered service mark of John Carver. Used with permission.

Copying permitted if attributed to source. If referenced as source document, must reference entire document and, if copied, be copied in its entirety.

Policy Governance ® is an internationally registered service mark of John Carver. Registration is only to ensure accurate description of the model rather than for financial gain. The model is available free to all with no royalties or license fees for its use. The authoritative website for the Policy Governance model is www.carvergovernance.com.