

# Springfield Food Co-op

## **POLICY REGISTER**

---

---

Adopted April 28, 2011  
Last Revised March 26, 2014

# CONTENTS

---

Ends	A – Ends
Executive Limitations	B – Global Executive Constraint B1 – Financial Condition B2 – Planning and Budgeting B3 – Asset Protection B4 – Membership Rights and Responsibilities B5 – Treatment of Consumers B6 – Staff Treatment and Compensation B7 – Communication to the Board B8 – Board Logistical Support B9 – GM Succession
Board Process	C – Global Governance Commitment C1-- Purposes and Aims C2 – Governing Style C3 – The Board’s Job C4 – Agenda Planning C5 – Board Meetings C6 – Directors’ Code of Conduct C7 – Officers’ Roles C8 – Board Committee Principles C9 – Governance Investment
Board-Management Relationship	D – Global Board-Management Connection D1 - Unity of Control D2 – Accountability of the GM D3 – Delegation to the GM D4 – Monitoring GM Performance
Appendices	<i>Bylaws</i> <i>Mission Statement</i> <i>International Cooperative Principles</i> <i>Board Annual Calendar and Monitoring Schedule</i> <i>Monitoring Decision Tree</i> <i>Committee Charters</i> <i>Member Benefits Structure</i> <i>Policy Governance Source Document</i> <i>10 Policy Governance Principles</i>

---

Policy Type: Ends  
Policy Title: A – Global End  
Last Revised: 9/27/12

---

The Springfield Food Co-op operates as a member-owned store that provides healthy, natural foods, emphasizing local and organic products in keeping with the International Cooperative Principles and Values.

As a result of all that we do there will be:

- An enriched community life among our members and beyond;
- Accessible wholesome food options as inexpensively as possible;
- An increase in production, consumption and use of local organic and sustainable products;
- A stronger local economy; and
- A better-educated community of consumers.

Policy Type: Executive Limitations  
Policy Title: B – Global Executive Constraint  
Last Revised: 12/11/10

---

The General Manager shall not cause or allow any practice, activity, decision, or organizational circumstance that is unlawful, imprudent, or in violation of commonly accepted business and professional ethics and practices, violation of the bylaws or in violation of the Cooperative Principles.

Policy Type: Executive Limitations  
Policy Title: B1 – Financial Condition and Activities  
Last revised: 12/11/10

---

With respect to the actual, ongoing financial conditions and activities, the General Manager shall not cause or allow the development of fiscal jeopardy or material deviation of actual expenditures from Board priorities established in Ends policies.

The GM will not:

1. Allow sales to decline or be stagnant.
2. Allow operations to generate an inadequate net income.
3. Allow liquidity (the ability to meet cash needs in a timely and efficient fashion) to be insufficient.
4. Allow solvency (the relationship of debt to equity) to be insufficient.
5. Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.
6. Acquire, encumber, lease or dispose of real estate.
7. Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.
8. Allow late payment of contracts, payroll, loans or other financial obligations.
9. Use restricted funds for any purpose other than that required by the restriction.
10. Allow financial record keeping systems to be inadequate or out of conformity with Generally Accepted Accounting Principles (GAAP).
11. Operate without an adequate system of internal financial control.
12. Engage in a capital expenditure, or sell a capital asset or enter into a lease exceeding \$10,000 in value. Splitting orders to avoid this requirement is not allowed.

Policy Type: Executive Limitations  
Policy Title: B2 – Business Planning and Financial Budgeting  
Last revised: 12/11/10

---

The General Manager shall not cause or allow business planning and budgeting, for any fiscal year or the remaining part of any fiscal year to deviate materially from the Board's Ends priorities, risk financial jeopardy, or fail to be derived from a multiyear plan.

The GM will not cause or allow plans that:

1. Risk incurring those situations or conditions described as unacceptable in the Board policy "Financial Condition and Activities."
2. Omit credible projection of revenues and expenses, owner investment, separation of capital and operational items, cash flow, and disclosure of planning assumptions.
3. Prevent subsequent audit trails.
4. Plan expenditures in any fiscal year that would result in default under any of the Cooperative's financing agreements or cause the insolvency of the Cooperative.
5. Have not been examined for feasibility.
6. Provide less for Board prerogatives during the year than is set forth in the Governance Investment Policy.

Policy Type: Executive Limitations  
Policy Title: B3 – Asset Protection  
Last revised: 4/2/2011

---

The General Manager shall not allow assets to be unprotected, unreasonably risked, or inadequately maintained.

The GM will not:

1. Allow equipment, facilities and monetary assets to be inadequately insured, or otherwise unable to be replaced if damaged or destroyed, including coverage for any losses incurred due to business interruption.
2. Allow unnecessary exposure to liability or lack of insurance protection from claims of liability.
3. Allow inadequate safety and security of staff, customers, premises and property.
4. Allow data, intellectual property, or files to be unprotected from loss, theft or significant damage.
5. Allow improper usage of members' and customers' personal information.
6. Allow purchasing that is uncontrolled.
7. Allow lack of due diligence in contracts.
8. Allow damage to the Cooperative's public image.
9. Allow the Cooperative to be inadequately represented in Condominium Association affairs.

Policy Type: Executive Limitations  
Policy Title: B4 – Membership Rights and Responsibilities  
Last Revised: 9/29/11

---

The General Manager will not allow members to be uninformed or misinformed of their rights and responsibilities.

The General Manager shall not:

1. Change the membership equity requirements or reduce member discounts on purchases below the level approved by the board.
2. Operate without accurate and current member records.
3. Fail to regularly communicate with the membership.
4. Leave members without reasonable access to appropriate co-op information.

Policy Type: Executive Limitations  
Policy Title: B5 – Treatment of Customers  
Last Revised: 12/11/10

---

The General Manager will not be unresponsive to customer needs.

The GM will not:

1. Operate without a system for soliciting and considering customer opinion regarding preferences, product requests, complaints and suggestions.
2. Allow an unsafe shopping experience for our customers.
3. Allow the store to be inaccessible to customers with disabilities.

Policy Type: Executive Limitations  
Policy Title: B6 - Staff Treatment and Compensation  
Last revised: 12/11/10

---

The General Manager will not allow treatment of staff that is in any way unfair, disrespectful, unsafe, or unclear.

The GM will not:

1. Operate without written personnel policies that:
  - a. Clarify rules for staff
  - b. Provide for fair and thorough handling of grievances
  - c. Are accessible to all employees
  - d. Inform staff that employment is neither permanent nor guaranteed.
2. Cause or allow personnel policies to be inconsistently applied.
3. Allow inadequate documentation, security and retention of personnel records and all personnel related decisions.
4. Establish compensation and benefits that are internally or externally inequitable.
5. Change the GM's own compensation and benefits, except as his or her benefits are consistent with a package for all other employees.

Policy Type: Executive Limitations  
Policy Title: B7 – Communication to the Board  
Last Revised: 12/11/10

---

The General Manager shall not cause or allow the Board to be uninformed or unsupported in its work.

The GM will not

1. Submit monitoring reports that are untimely or inaccurate, or that lack operational definitions and verifiable data directly related to each section of the policy
2. Report in an untimely manner any actual or anticipated noncompliance with any Board policy, along with a plan for reaching compliance.
3. Allow the Board to be unaware of relevant trends, public events of the Cooperative, unusual or unexpected financial events or significant internal and external changes.
4. Withhold his/her opinion if the GM believes the Board is not in compliance with its own policies on Governance Process and Board-Management Delegation, particularly in the case of Board behavior that is detrimental to the work relationship between the Board and the GM.
5. Deal with the Board in a way that favors or privileges certain Board members over others except when responding to officers or committees duly charged by the Board.
6. Allow the board to be uninformed if the GM believes any of its policies should be clarified, amended, deleted, or made more specific.
7. Allow the board to be without contact information and access to the co-op's connections in national and regional organizations.

Policy Type: Executive Limitations  
Policy Title: B8 –Board Logistical Support  
Last Revised: 12/11/10

---

The General Manager will not allow the Board to have inadequate logistical support.

The GM will not:

1. Provide the Board with insufficient staff administration to support governance activities and Board communication.
2. Allow the board to be without a workable mechanism for official board, officer or committee communications.
3. Allow Board Members to be without an updated copy of the Policy Register and the Bylaws.
4. Provide inadequate information and notice to members concerning Board actions, meetings, activities and events.

Policy Type: Executive Limitations  
Policy Title: B9 – Emergency GM Succession  
Last revised: 12/11/10

---

To protect the Board from sudden loss of GM services, the GM shall not have less than one other manager sufficiently familiar with Board and GM issues and processes to enable her/him to take over with reasonable proficiency as an interim successor.

The GM shall not:

1. Operate without a written, current GM succession plan.
2. Operate without documented systems and procedures that enable the continued operation of the co-op during a planned or emergency absence.

Policy Type: Board Process

Policy Title: C – Global Governance Commitment

Last Revised: 12/11/10

---

The Board acts on behalf of the members' ownership interest in the co-op. The board shall ensure that the bylaws and policies of the co-op are properly carried out on behalf of the membership while avoiding board defined unacceptable actions and situations.

Policy Type: Board Process  
Policy Title: C1 – Purposes and Aims  
Last Revised: 4/2/11

---

*The Purposes and Aims were created and approved by the Membership of the Springfield Food Coop. This policy may be changed only by a vote of the Membership.*

The purposes for which the Cooperative is formed is to engage in any one or more lawful mode or modes of acquiring, producing, operating, furnishing, exchanging or distributing food products and other goods and services for the primary and mutual benefit of its members and patrons of the Cooperative.

The specific aims of the Cooperative are as follows:

To create a community-based member-owned not-for-profit consumer buying service;

To make available wholesome natural foods and products as inexpensively as possible with consideration given to the political, social and ecological effects of products being marketed;

To support and encourage local growing of fresh organic foods; to provide educational and informational materials concerning nutrition and agricultural practices with the aim of developing alternative patterns of production, consumption and use;

To purchase and purvey, whenever feasible, the goods or services of local and regional growers and producers; and

To serve as a center for activities and services in keeping with the above purposes and which otherwise enrich the life of the community.

Policy Type: Board Process  
Policy Title: C2 – Governing Style  
Last Revised: 12/11/10

---

We will govern in a way that emphasizes policies and activities that create and support a long term vision for the organization. In order to do this, we will:

1. Observe the 10 Policy Governance principles
2. Maintain group discipline, authority and responsibility
3. Clearly distinguish Board and General Manager roles
4. Encourage diverse viewpoints
5. Obey all relevant laws and bylaws.
6. Place emphasis on empowerment and clear accountability.

Policy Type: Board Process  
Policy Title: C3 – The Board’s Job  
Last Revised: 10/3/13

---

In order to govern successfully, we will:

1. Create and sustain a meaningful relationship with member-owners.
2. Approve a minimum level of discounts that members shall receive on purchases.
3. Hire, compensate, delegate responsibility to, and hold accountable a General Manager. (See Section D. Board-Management Relationship Policies)
4. Have expectations in the form of written governing policies that realistically address the broadest levels of all organizational decisions and situations. We will write these policies in the form of Ends, Executive Limitations, Board Process, and Board-Management Relationship, as described in the Policy Governance principles.
5. Assign responsibility in a way that honors our commitment to empowerment and clear distinction of roles.
6. Rigorously monitor operational performance in the areas of Ends and Executive Limitations, and Board performance in the areas of Board Process and Board-Management Relationship including an external financial audit or review not less than once every five years.
7. Perpetuate the Board’s leadership capacity using ongoing education, training and recruitment.

Policy Type: Board Process  
Policy Title: C4 – Agenda Planning  
Last Revised: 8/29/12

---

We will follow an annual agenda that focuses our attention forward.

1. Our annual governance cycle will run from July to June.
2. We will create, and modify as necessary, an annual calendar that includes the items mentioned in this policy, membership meetings, Board training schedule, monitoring schedule, and the GM evaluation and compensation decisions as outlined in our Board-Management Relationship policies.
3. We will limit the amount of meeting time taken up by Executive Limitations monitoring reports, keeping discussion to a minimum unless the reports indicate policy violations, or the policy criteria themselves need review.

Policy Type: Board Process  
Policy Title: C5 – Board Meetings  
Last Revised: 12/11/10

---

Board meetings are for the task of getting the Board’s job done.

1. We will use Board meeting time only for work that is the whole Board's responsibility. We will limit time spent on committee issues, avoiding operational matters and personal concerns.
2. Meetings will be open to the membership except when executive session is officially called. We may occasionally use executive session to deal with confidential matters, as long as the purpose of the session is stated. When possible, announcement of the executive session should be on the published agenda.
3. We will seek consensus through discussion. We will then finalize and document decisions through the use of motions, seconds and majority vote.
4. The meeting agenda will be determined by the Board president, and may be modified at the meeting by a majority vote of the Board.

Policy Type: Board Process  
Policy Title: C6 – Directors’ Code of Conduct  
Last Revised: 12/11/10

---

We each commit ourselves to ethical, businesslike and lawful conduct.

1. Every director is responsible at all times for acting in good faith, in a manner which she/he reasonably believes to be in the best interests of the Cooperative, and with such care as an ordinarily prudent person in a like position would use under similar circumstances.
2. Directors must demonstrate unconflicted loyalty to the interests of the Cooperative’s owners. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups, membership on other Boards or staffs, and the personal interest of any director acting as an individual consumer or member or vendor.
  - a. There will be no self-dealing or any conduct of private business or personal services between any director and the Cooperative except as procedurally controlled to assure openness, competitive opportunity and equal access to “inside” information.
  - b. When the Board is to decide on an issue about which a director has an unavoidable conflict of interest, that director shall abstain from the conversation and the vote.
  - c. A director who applies for employment must first resign from the Board.
3. Directors may not attempt to exercise individual authority over the organization.
  - a. When interacting with the GM or employees, directors must carefully and openly recognize their lack of authority.
  - b. When interacting with the public, the press, or other entities, directors must recognize the same limitation and the inability of any director to speak for the Board except to repeat explicitly stated Board decisions.
4. Directors will respect the confidentiality appropriate to issues of a sensitive nature and must continue to honor confidentiality after leaving Board service.
5. Directors will prepare for and attend all Board meetings and trainings.
6. Directors will support the legitimacy and authority of the Board’s decision on any matter, irrespective of the director’s personal position on the issue.
7. Any director who does not follow the code of conduct policy shall resign from the Board if requested to do so by a 2/3 majority vote of the remaining Board.

Policy Type: Board Process  
Policy Title: C7 – Officers’ Roles  
Last Revised: 1/31/13

---

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

1. No officer has any authority to supervise or direct the GM.
2. Officers may delegate their authority but remain accountable for its use.
3. The president ensures the Board acts consistently with Board policies, bylaws and laws.
  - a. The president is authorized to use any reasonable interpretation of the provisions in the Board Process and Board-Management Relationship policies.
  - b. The president will chair and set the agenda for Board meetings.
  - c. The president plans for leadership (officer) perpetuation and orientation of new board members.
  - d. The president may represent the Board to outside parties.
4. The vice-president will perform the duties of the president in her/his absence.
5. The treasurer will ensure that the Board’s annual budget (not the Cooperative’s) is developed. In addition, the treasurer will facilitate the Board’s understanding of the financial condition of the Cooperative.
6. The secretary will make sure the Board’s documents are accurate, up to date, and appropriately maintained. In addition, the secretary will ensure that organizational documents are filed in a timely manner.

Policy Type: Board Process  
Policy Title: C8 – Board Committee Principles  
Last Revised: 12/11/10

---

We will use Board committees only to help us accomplish our job.

1. Committees will support the wholeness of the Board. In particular, committees help the whole Board move forward when they research alternatives and bring back options and information.
2. Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes.
3. The Board will establish, regularly review and control committee responsibilities in written committee charters. We will carefully state committee expectations and authority to make sure they do not conflict with authority delegated to the GM.

Policy Type: Board Process  
Policy Title: C9 – Governance Investment  
Last Revised: 3/26/14

---

We will invest in the Board's governance capacity because poor governance costs more than learning to govern well.

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.
  - a. We will use training and retraining liberally to orient new directors and candidates for membership, as well as to maintain and increase existing directors' skills and understanding.
  - b. We will arrange outside assistance as necessary so that the Board can exercise confident control over organizational performance.
  - c. We will use outreach mechanisms as needed to ensure our ability to listen to owner viewpoints and values.
  - d. We will use professional and administrative support as needed.
3. We will collaborate with the GM or her/his designee to develop the Board's annual budget in a timely way so as to not interfere with the development of the Cooperative's annual budget.

Policy Type: Board-Management Relationship  
Policy Title: D – Global Board-Management Connection  
Last Revised: 12/11/10

---

The Board's sole official connection to the operations of the cooperative will be through the General Manager.

Policy Type: Board-Management Relationship  
Policy Title: D.1 – Unity of Control  
Last Revised: 12/11/10

---

Only officially passed motions of the Board are binding on the GM.

1. Decisions or instructions of individual directors, officers, or committees are not binding on the GM except in rare instances when the Board has specifically authorized this power.
2. In the case of directors or committees requesting information or assistance without Board authorization, the GM can refuse any requests that, in the GM's opinion, may disrupt operations or that require too much staff time or resources.

Policy Type: Board-Management Relationship  
Policy Title: D.2 – Accountability of the GM  
Last Revised: 12/11/10

---

The Board will hold the GM solely accountable for the operational achievement and conduct of the co-op.

1. The Board will view GM performance as identical to organizational performance so that the Cooperative's accomplishment of Board-stated ends and avoidance of Board-proscribed means will be viewed as successful GM performance.
2. The Board will not instruct or evaluate any employee other than the GM.

Policy Type: Board-Management Relationship  
Policy Title: D.3 – Delegation to the GM  
Last Revised: 12/11/10

---

The Board delegates authority to the GM through written Ends and Executive Limitations policies.

1. As long as the GM uses any reasonable interpretation of the Board's Ends and Executive Limitations policies, the GM is authorized to establish all further policies, practices and plans for the cooperative.
2. The Board will respect and accept the GM's choices as long as those choices are based on reasonable interpretations of Board policies.
3. If the Board changes an Ends or Executive Limitations policy, the change only applies in the future.

Policy Type: Board-Management Relationship  
Policy Title: D.4 – Monitoring GM Performance  
Last Revised: 12/5/13

---

The Board will systematically and rigorously monitor and evaluate the GM’s job performance as defined in D2.

1. Monitoring is how the Board determines the degree to which the GM is following Board policies. Information that does not directly relate to Ends or Executive Limitations policies is not monitoring information.
2. The Board will acquire monitoring information by one or more of three methods: (a) by internal report, in which the GM discloses interpretations and compliance information to the Board; (b) by external report, in which an external, disinterested third party selected by the Board assesses compliance with Board policies; or (c) by direct Board inspection, in which a designated director or committee assesses compliance with the policy criteria.
3. In every case, the standard for compliance will be any reasonable GM interpretation (as described by operational definitions and metrics) of the Board policy being monitored. The Board is the final arbiter of reasonableness but will always judge with a “reasonable person” test rather than with interpretations favored by individual directors or by the Board as a whole.
4. The GM is compliant with a policy if he/she presents a reasonable interpretation and adequate data that demonstrate accomplishment of that interpretation.
5. The Board will monitor all policies that instruct the GM. The Board can monitor any policy at any time by any method listed above but will ordinarily follow the schedule outlined in the Board Annual Calendar.
6. The Board’s annual evaluation of the General Manager, based on a summary of monitoring reports received for the prior 12 months, will be completed within the first quarter of the calendar year.
7. The Board will complete the GM compensation process no later than two months following the completion of the evaluation.