

# Board Policies Manual (BPM) for the Potsdam Food Co-op

*This version of the BPM was approved by the Board on February 23, 2009.*

## Part 1: Introduction and Administration

This Board Policies Manual (BPM) contains all of the current standing (ongoing) policies adopted by the Board of The Potsdam Food Co-op since the initial approval of the BPM on [INITIAL APPROVAL DATE].

- 1.1 **Reasons for Adoption.** The reasons for adopting this BPM include:
  - \* Efficiency of having all ongoing board policies in one place
  - \* Ability to quickly orient new board members to current policies
  - \* Elimination of redundant or conflicting policies over time
  - \* Ease of reviewing current policy when considering new issues
  - \* Providing clear, proactive policies to guide the Board, the General Manager (GM) and staff
  - \* Modeling an approach to governance that other Food Co-ops might use
- 1.2 **Consistency.** Each policy in this document is expected to be consistent with the law, the articles of incorporation, and the bylaws, all of which have precedence over these board policies. Except for time-limited or procedural-only board decisions (approving minutes, electing an officer, etc.), which are recorded in regular board minutes, all standing policies shall be included or referred to in this document. The GM is responsible for developing organizational and administrative policies and procedures that are consistent with this BPM.
- 1.3 **Transition.** Whether adopted part by part or as a complete document, as soon as some version of the BPM is voted on as the “one voice” of the board, those policies are deemed to supersede any past policy that might be found in old minutes unless a prior board resolution or contract obligates the The Co-op with regard to a specific matter. If any actual or apparent conflict arises between the BPM and other policies or board resolutions, the matter shall be resolved by the President or by the entire Board as may be appropriate.
- 1.4 **Changes.** These policies are meant to be reviewed constantly and are frequently reviewed and refined. The Board President helps the Board formulate new language in the BPM by distributing proposed changes in advance. When language is recommended for deletion, it is shown in ~~strike-through~~ format. Proposed new language is underlined. Each section with a proposed change can be preceded by the # sign to help readers quickly locate proposed changes. Any change to this BPM must be approved by the full Board. Proposed changes may be submitted by any board member as well as by the GM. In most cases, proposed changes shall be referred to and reviewed by the appropriate committee before being presented to the board for action. Whenever changes are adopted, a new document will be printed, dated, and quickly made available to the

board and staff. The previous version will be kept on a disk for future reference if needed, and a hard copy will be archived by the Secretary.

- 1.5 **Specificity.** Each new policy will be drafted to fit in the appropriate place within the BPM. Conceptually, policies should be drafted from the "outside in," i.e., the broadest policy statement should be presented first, then the next broadest, etc., down to the level of detail that the board finds appropriate for board action and below which management is afforded discretion as to how it implements the policies in this BPM.
- 1.6 **Oversight Responsibility.** Below are the parts, the committees primarily responsible for drafting and reviewing those parts, and the individuals given authority to interpret and make decisions within the scope of those policies:

<u>Section</u>	<u>Oversight Committee</u>	<u>Implementation Authority</u>
1. Introduction	Governance Committee	Vice President
2. The Organization Essentials	Full board	President
3. Board Structure & Processes	Governance Committee	Committee Chairs
4. Board–GM/Staff Relationship	Executive Committee	President/GM/Staff Liaison
5. Executive Parameters		
5.1 General Guidance	Governance Committee	GM
5.2 Finance	Finance Committee	GM
5.3 Audit & Compliance	Finance Committee	GM
5.4 Succession	Governance Committee	GM
5.5 Conflict of Interest	Governance Committee	GM
5.6 Miscellaneous	As appropriate	GM

- 1.7 **Maintenance of Policies.** The Secretary shall ensure that all standing policies are recorded and published correctly. The BPM will be posted on the Co-op’s website. The Secretary shall maintain the policies file and provide updated copies to the board and the webmaster whenever the policies change, or upon request. Updated copies will be provided via email unless a hard copy is requested. The Board will ask that legal counsel review this BPM biennially to ensure compliance with the law. Discrete documents (such as Board rosters, budgets, GM reports, Personnel Policy Manual), referred to in the BPM will be kept in a three-ring notebook called the Board Reference Book. An updated BPM, Board Reference Book and the Co-op Archives will be kept in the fire-proof safe in the store.

## **Part 2: The Potsdam Food Co-op Essentials**

- 2.1 Our **vision:** Everyone in our greater community feels welcome to shop, every shopper feels welcome to join, and every member feels welcome to share their resources of time, talent, and investment capital.
- 2.2 Our **mission:** The Potsdam Consumer Cooperative, Incorporated is owned and operated by its members and is dedicated to meeting the

- community's need for specialty and whole foods at the lowest possible cost. As a member of the local community interested in its well being, we attempt to use local sources whenever feasible. We strive to provide a pleasant shopping experience and working environment, with an emphasis on education, shared information and developing our relationship with the community. We encourage environmental respect through the goods we sell and in the manner in which we conduct our daily operations. We are committed to providing a model of responsible business practices based on the cooperative principles of open membership, democratic control, limited return on share capital or investments, return of surplus to members, continuous education, cooperation among cooperatives, and concern for our local community.
- 2.3 The **values** that guide everything we do are concern for healthy lifestyles, concern for fiscal and environmental well-being of the planet and, specifically, for Northern New York communities, community voice, a healthy balance of fiscal responsibility and social well-being of all community members served by the Co-op..
- 2.4 The **moral owners** to whom the Board feels accountable are our members and our community.
- 2.5 The primary **strategies** by which we will fulfill our mission include democratic decision making, ethical responsibility and accountability via documented processes of decision making and implementation, adherence to BPM policies and procedures, effective communication between the Board, the GM, and committee structure and the Co-op membership.
- 2.6 The major organizational **goals** and monitoring indicators for the next three years are
- To develop and implement this BPM.
  - To compile and maintain a Board Reference Book.
  - To secure financial stability in the presence of "scales of economy" model corporations (i.e. "big box"....).
- 2.7 **Strategic Plans.** The Board is expected to think strategically at all times. The GM is expected to develop a strategic plan based on the policies in this BPM, update it as necessary, link major activities in the plan to the relevant sections of this BPM, and provide copies of the plan to the Board for information by November 1 each year.

### **Part 3: Board Structure and Processes**

- 3.1 **Governing Style.** The Board will approach its task with a style that emphasizes outward vision rather than an internal preoccupation, encouragement of diversity in viewpoints, strategic leadership more than administrative detail, clear distinction of board and staff roles, and proactivity rather than reactivity. In this spirit, the board will:

- 3.1.1 Enforce upon itself and its members whatever discipline is needed to govern with excellence. Discipline shall apply to matters such as attendance, respect for clarified roles, speaking to management and the public with one voice, and self-policing of any tendency to stray from the governance structure and processes adopted in these board policies.
- 3.1.2 Be accountable to the membership, staff, and the general public for competent, conscientious, and effective accomplishment of its obligations as a body. It will allow no officer, individual, or committee of the board to usurp this role or hinder this commitment.
- 3.1.3 Monitor and regularly discuss the Board's own processes and performance, seeking to ensure the continuity of its governance functions by selection of capable directors, orientation and training, and evaluation.
- 3.1.4 Be an initiator of policy, not merely a reactor to staff initiatives. The Board, not the staff, will be responsible for board performance.

**3.2 Board Job Description.** The job of the Board is to represent the members in defining and monitoring appropriate organizational performance and envisioning the long-range direction of the organization. Accordingly, the Board will:

- 3.2.1 Seek out, listen to, and learn from members' ideas, opinions, values and principles regarding The Potsdam Food Co-op, and take this member input into account when considering board actions.
- 3.2.2 Educate members about important organizational issues.
- 3.2.3 Report to members regularly on board's activities and decisions.
- 3.2.4 Determine the mission, values, strategies, and major goals/outcomes, and hold the GM accountable for developing a staff strategic plan based on these policies.
- 3.2.5 Determine the parameters within which the GM is expected to achieve the goals/outcomes.
- 3.2.6 Monitor the performance of the Co-op relative to the achievement of the goals/outcomes within the executive parameters.
- 3.2.7 Maintain and constantly improve all ongoing policies of the Board in this BPM.
- 3.2.8 Select, fairly compensate, nurture, evaluate annually, and, if necessary, terminate a GM, who functions as the Board's sole agent.
- 3.2.9 Ensure financial solvency and integrity through policies and practices.
- 3.2.10 Require periodic financial and other external audits to ensure compliance with the law and with good practices.
- 3.2.11 Evaluate and constantly improve our Board's performance as the governing board, and set expectations for board members' involvement as volunteers.

- 3.3 Board Member Criteria.** In nominating members for the Board, the Board Governance Committee shall be guided by the process and timeline that is incorporated by reference to this BPM. Each prospective Board Member will fill out a questionnaire that will enable the committee to evaluate the match of their abilities and interests to the needs of the Board.
- 3.4 Orientation.** Prior to election, each nominee shall be given this BPM along with adequate briefings on the role of the Board, officers, and staff and an overview of goals, plans, and finances. Soon after election, each new Board Member will be given more comprehensive orientation material and training.
- 3.5 Selection of Directors and Officers.** Each year the membership of the Co-op elects new members of the Board of Directors at the annual membership meeting held in February according to the procedures outlined in the bylaws. At the next scheduled Board meeting following the Annual meeting, nominations will be put forth for the officer positions of President, Vice President, Secretary, Treasurer and Staff Liaison. Nominations for officer positions will be submitted to the Vice President. A member of the Governance Committee will contact each nominee to determine their willingness to serve as an officer or staff liaison and will clarify officer positions. Prior to the March Board meeting, the Governance Committee will convene to establish a slate of officers that can be put forward for a vote of the Board at the March meeting, which will be presided over by the outgoing officers. Newly elected officers will take over their official duties at the conclusion of the March meeting.
- 3.6 Officer Responsibilities: President.** The job of the President is, primarily, to maintain the integrity of the board's processes. The President manages and leads the Board. The President is the only board member authorized to speak for the Board, other than in rare and specifically board-authorized instances.

The President ensures that the Board behaves in a manner consistent with its own rules and those legitimately imposed upon it from outside the The Potsdam Food Co-op. Meeting discussion content will be those issues that, according to board policy, clearly belong to the Board to decide, not to staff.

The authority of the President consists only in making decisions on behalf of the board that fall within and are consistent with any reasonable interpretation of board policies in Parts 3 and 4 of this BPM. The President has no authority to make decisions beyond policies created by the Board. Therefore, the President has no authority to supervise or direct the GM's work, but is expected to maintain close communication with, offer advice to, and provide encouragement to the GM and staff on behalf of the Board. In particular the President

- Facilitates the board meetings
- Represents the Board before the membership
- Signs forms when needed

- Contacts and works with legal counsel when necessary
- Is responsible for the General Manager's annual evaluation
- Is responsible for the annual report
- Maintains the Board Reference Book with all pertinent documents to which Board Members might want to refer during Board and committee meetings (e.g., Board Roster, articles, bylaws, committee roster, list of key volunteers/consultants, board documents referred to in this BPM, Personnel Policy Manual, detailed procedures, GM reports, etc.).

**Vice President**

- Assists the President
- Serves as chair of the Governance Committee
- Fills in when the President is not able to do so

**Treasurer**

- Serves as chair of the Finance Committee
- Is authorized to sign checks
- Keeps abreast of the financial situation of the Co-op
- Provides a quarterly report including: (a) A one- or two-page "dashboard" report showing agreed-upon key indicators that track designated financial information; (b) Expense and revenue against budget report with comparison to previous year; (c) balance sheet; (d) cash flow projections

**Secretary**

- Prepares, posts and distributes the board meeting agenda at least one week prior to the meeting date.
- Files and posts the approved minutes
- Maintains the Board archives with copies of agendas, minutes, correspondences, newsletters and all other pertinent documents.
- Records and ensures the publication and distribution of changes to the BPM.

**3.7 Board Meetings.** Policies that are intended to improve the process for planning and running meetings follow:

- 3.7.1. The schedule for board meetings shall be set annually.
- 3.7.2. The GM shall work with the President and the Committee Chairs in developing agendas, which, along with background materials for the board and committees, monitoring reports, recommendations for changes in the BPM, previous minutes, and other such materials, shall be made available by the Secretary to all board members approximately one week in advance of board meetings by email, mail, or being placed in the board member's Co-op mailbox.
- 3.7.3 Minutes and the updated BPM shall be sent by the same process to board members within 5 days of board meetings.
- 3.7.4 A board retreat will be held in March for the purpose of socializing, electing officers, establishing annual goals, the annual calendar, and ad hoc committees.

- 3.7.5 Regular board meetings shall be held according to the Annual Board Calendar kept in the Board Reference Book. Four meetings a year will be designated as business meetings - January, April, July, and October. Quarterly and year-end financial statements will be presented at these meetings. The operating and capital budgets will be approved at the January meeting, after prior consideration by the executive committee. The January meeting shall include a review of the performance of the GM and the Co-op for the past year. A retreat meeting for the Board will be held after the February election of new Board members for the election of officers and the establishment of annual goals. Special meetings of the board can be called according to the bylaws .
- 3.7.6 The February, June and September board meetings will be preceded by a membership potluck and current issues and financial information will be presented to the membership. Members are also welcome to speak and present issues to the Board at any regularly scheduled board meeting during an allotted time on the agenda. The time allotted for member comments and for comments by individual members at any meeting is at the discretion of the President.
- 3.7.7 The Board will review its own process on an annual basis. The Governance Committee will review the evaluation form for distribution at the December meeting. The completed forms will be analyzed and summarized by the Committee, which will report the results of the evaluation to the Board at the January meeting

- 3.8 Board Committees.** The purpose of the Co-op's board committees is to involve membership and to support the Board's work. Committees ordinarily will assist the Board by preparing policy alternatives and implications for Board deliberation. Except for standing committees, committees will be used in an ad hoc capacity.
- The charge and scope of the board committees is the Board's responsibility.
  - The President and GM are *ex-officio* members of all committees.
  - Each ad hoc committee and the Education Committee will have a chair selected by consensus by the committee members.
  - The current standing committees are Executive, Governance (Nominating), Finance, and Education.
  - Membership on a board committee is open to all interested members of the Potsdam Food Co-op. The Chair has the discretion to determine the optimal number of members, and the authority to solicit new members. The Chair should establish criteria for participation and should ask inactive or ineffective members to resign.
  - Committee work may fulfill the work requirement for a member's household. The Chair shall determine the appropriate hours to be credited to each member, in accordance with Potsdam Food Co-op policy.

- Every committee member has an equal vote in the committee's decisions.
  - Committee decisions are reported to the Board or the GM as requests for action. The Board or GM then approves, modifies or overrides the decision in the best interest of the Co-op.
  - All Potsdam Food Co-op members are welcome to attend committee meetings, however, participation by non-committee members is at the discretion of the Committee Chair and only committee members may vote on an issue.
  - Minutes should be taken at each meeting and distributed to committee members and the Board. The Chair will bring to the Board any recommendations and proposals on substantive issues. No board action will be taken unless a written request, outlining all considerations, suggesting a specific course of action, and elaborating as well as possible the ramifications of a yes or no vote, is presented to the Board 5 days in advance of the meeting at which action is requested.
- 3.8.1 **Executive Committee.** The Executive Committee is composed of the President, Vice-president, Secretary, and Treasurer. Executive meetings should be held one week prior to the established meeting date. It is expected that the agenda and all reports or proposals to be discussed at the next meeting be compiled by the executive committee and emailed or mailed to each board member in advance of the meeting. The Executive Committee shall have the authority to act for the Board on all matters so long as it determines that it would be imprudent to wait for the next board meeting to take such action. With respect to any action taken on behalf of the board, (1) the Executive Committee is required to report the action to the Board within 10 days, and (2) the Board must accept the action at the next board meeting. The Board has the authority to void decisions made by the Executive Committee.
- 3.8.1.1 **Email Policy** Board members can vote upon small item issues via email. The Executive Committee would determine whether an issue could be appropriately decided upon via email (i.e., not in need of discussion) and that any timely issues could be decided upon by the Executive Committee. In the event that an issue is proposed via email, any member of the Board may request face-to-face discussion. Votes that are completed via email would be noted in the minutes for the meeting that follows. Finally, Board members who had not responded to the vote request via email would be contacted by phone.
- 3.8.2 **Governance Committee.** This committee will recommend policies to the board pertaining to governance issues and processes, including the orientation and training of new board members, the evaluation and improvement of the contribution of individual board

members and officers, and the recommendation of Bylaw changes. The committee will develop a roster of potential board members based on the board profile, and will nominate all board members and officers. The committee provides the board with candidates for vacancies that occur during a board term.

- 3.8.3 **Finance Committee.** This committee will develop and recommend to the board those financial principles, plans, and courses of action that provide for mission accomplishment and financial well-being. Consistent with this responsibility, it will review the annual budget and submit it to the board for its approval. In addition, the committee shall make recommendations with regard to the level and terms of indebtedness, cash management, investment policy, risk management, financial monitoring and reports, employee benefit plans, signatory authority for expenditures, and other policies for inclusion in the BPM that the committee determines are advisable for effective financial management. The Finance Committee will examine the financial ramifications of policy changes. It shall recommend an external auditor for the Board approval, and review the audit.
- 3.8.4. **Education Committee** The Education Committee, as a Board Committee, looks at educating the membership regarding current issues facing the Co-op and the Co-op's principles and values. The Newsletter Editor is a member of this committee.

3.8.4.1 **The Newsletter Editor** The primary function of the Potsdam Food Cooperative Community News is to provide information on Board activities, and to fulfill the Co-op mission to provide Education, Training and Information.

According to the International Cooperative Alliance *Statement of Cooperative Identity*, Principle 5 states that "Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public – particularly the young people and opinion leaders – about the nature and benefits of cooperation."

**Newsletter Policy**

1. Development of editorial policies for the Potsdam Food newsletter shall be the responsibility of the Board of Directors.
2. Newsletter pickup and distribution and online maintenance shall be the responsibility of the GM.
3. Production, layout, and design decisions for individual issues of the newsletter shall be the responsibility of the Editor(s). The Editor(s) shall, in all decisions, adhere to newsletter policy as determined by the Board of Directors.

4. General decisions of newsletter production, design and content shall be the responsibility of the Editors in consultation with the Board and GM.
5. Newsletter Editor(s) shall be appointed by the Board in consultation with Management.
6. The procedure for establishing due dates and content shall be in accordance with the Suggested Procedures document in the Board Reference Book.

3.8.5 Other committees as determined by the Board.

**3.9 Management Committees** The Board will assist the GM with specific management tasks by participating on standing and ad hoc committees. These committees are under the authority of the GM and their recommendations and proposals are presented to the Board in the Manager's monthly report. Any interested Board member can serve on these committees, but with the understanding that they are serving *outside* of their board roles, as volunteers to the GM. The standing management committees are:

3.9.1 **Marketing/Outreach Committee** The Marketing Committee is responsible for outreach, including the planning of events. The Newsletter Editor is a member of this committee, as the newsletter is also a communication tool for marketing and outreach.

3.9.2 **Education Committee** The Education Committee, as a management committee, looks at educating shoppers about products in the store (nutritional value, preparation) and educating the staff.

3.9.3 **Building and Grounds Committee** The Building and Grounds Committee is responsible for improving store layout, environment and appearance and for maintaining the physical plant.

3.9.4 Other committees as determined by the GM.

**3.10 Board Members' Code of Conduct.** The Board expects of itself and its members ethical and businesslike conduct. Board members must avoid any conflict of interest with respect to their fiduciary responsibility. There must be no self-dealing or conduct of private business or personal services between any board member and the Co-op except as procedurally controlled to assure openness, competitive opportunity, and equal access to "inside" information.

Board members will make no judgments of the GM or staff performance except as the performance of the GM is assessed against explicit board policies and agreed-upon performance objectives.

## **Part 4: Board–GM/Staff Relationship**

**4.1 Delegation to the General Manager (GM).** While the Board's job is generally confined to establishing macro policies, implementation and subsidiary policy development are delegated to the GM.

- 4.1.1 All Board authority delegated to staff is delegated through the GM, so that all authority and accountability of staff—as far as the Board is concerned—is considered to be the authority and accountability of the GM.
- 4.1.2 The Potsdam Food Co-op Essentials policies (Part 2) direct the GM to achieve certain results. Executive Parameters policies (Part 5) define the acceptable boundaries of prudence and ethics within which the GM is expected to operate. The GM is authorized to establish all further policies, make all decisions, take all actions, and develop all activities as long as they are consistent with a reasonable interpretation of the Board's policies in this BPM.
- 4.1.3. The Board may change its policies, thereby shifting the boundary between Board and GM domains. Consequently, the Board may change the latitude of choice given to the GM, but so long as any particular delegation is in place, the Board and its members will respect and support the GM's choices. This does not prevent the Board from obtaining information in the delegated areas.
- 4.2 GM Job Description.** As the board's single official link to the operations of the Co-op, GM performance will be considered to be synonymous with the Co-op's performance as a whole. Consequently, the GM's job contributions can be stated as performance in two areas: (a) the accomplishment of the major organizational goals in Section 2.6, and (b) the management of operations within the boundaries of prudence and ethics established in board policies on Executive Parameters.
- 4.3 Communication and Counsel to the Board.** With respect to providing information and counsel to the Board, the GM shall keep the Board informed about matters essential to carrying out its policy duties. Accordingly, the GM shall:
  - 4.3.1 Inform the Board of relevant trends and material external and internal changes, particularly changes in the assumptions upon which any board policy has previously been established, always presenting information in as clear and concise a format as possible.
  - 4.3.2 Relate to the Board as a whole except when fulfilling reasonable individual requests for information or responding to officers or committees duly charged by the Board.
  - 4.3.3 Report immediately any actual or anticipated material noncompliance with a policy of the Board, along with suggested changes.
- 4.4 Monitoring Executive Performance.** The purpose of monitoring is to determine the degree to which the mission is being accomplished and board policies are being fulfilled. A given policy may be monitored in one or more of three ways:
  - 4.4.1 **Direct board inspection:** Discovery of compliance information by a board member, a committee, or the Board as a whole. This includes board inspection of documents, activities, or

circumstances that allows a "prudent person" test of policy compliance.

- 4.4.2 **External report:** Discovery of compliance information by a disinterested, external person or firm who is selected by and reports directly to the Board. Such reports must assess executive performance only against legal requirements or policies of the Board, with suggestions from the external party as to how the Co-op can improve itself.
- 4.4.3 **GM reports:** The GM shall help the Board determine what tracking data are available to measure progress in achieving the mission and goals and conforming to board policies. Currently the Board requests these regular monitoring reports, in addition to any specific reports requested in other sections of the BPM:
  - 4.4.3.1 Monthly: Informal GM reports on achievements, problems, sales, board notices, and membership statistics.
  - 4.4.3.2 Annually: Within 45 days of the end of the fiscal year, (a) end-of-year expense and revenue against budget; (b) balance sheet; (c) staff organization chart (or whenever major changes are made); (d) other reports that the Board may define in this BPM.

**4.5 Annual Performance Review.** The Board evaluates the General Manager on an annual basis for the purpose of improving both individual employee performance and overall effectiveness. The purposes of the formal performance evaluation are as follows:

1. To offer appreciation for the GM's strengths and contributions to the Co-op,
2. To clarify expectations and provide constructive feedback on areas where there is room for improvement,
3. To enable the Board to acquire information useful in making fair personnel decisions based on goals agreed upon between the Board and the GM.
4. To set goals for the next evaluation,

The Board will evaluate the GM following the 90-day trial period and once a year thereafter. The annual evaluation is begun in October and finalized in November. The Board also has the discretion to schedule an unplanned evaluation if it believes there is a serious discrepancy between GM job performance and established goals and approved policy. Annual evaluations involve a written self-evaluation statement that focuses on the fulfillment of the duties and obligations of the GM in his or her job and to the setting of goals for the following year. In addition to the self-evaluation on the part of the GM, input for the annual evaluation will be sought from individual directors, staff and the membership on appropriate aspects of the GM's job description. Once the evaluation process is complete, the Executive Committee will meet with the GM and prepare a letter summarizing the evaluation. The Executive Committee will make a

recommendation to the Board on any increases in salary, or bonuses, which, when approved, will be written into the upcoming budget.

**4.6 Staff Compensation.** The GM is expected to hire, train, motivate, educate, compensate, and terminate staff in a professional and caring fashion.

The Co-op is committed to paying employees a living wage and shall have as its goal providing annual salary/wage increases at least equal to the annual federal Cost of Living Allowance (COLA), depending on Co-op resources. However, any salary/wage increases will be dependent on the following factors:

- annual Co-op performance (surplus/deficit)
- employee benefit costs, and
- employee's annual performance evaluation..

**#4.6.1 Bonuses** Determining whether to provide bonuses and the size of bonuses depend on two variables:

- Employee performance for the year
- The financial performance of the Co-op for the year.

Merit and performance will be used to determine the size of each bonus. Bonuses shall be based on performance above and beyond the expectations of the position as expressed in the employee's job description and should take into account the employee's annual performance evaluation.

Upon reviewing the prior calendar year's financial reports, the finance committee shall recommend to the Board for its February meeting a sum of money to be paid as bonuses. The GM shall determine and pay bonuses by March 15. Bonuses will be a one-time offering, reflecting one year's performance, and should not be used in lieu of raises. The GM will provide an accounting to the Board by March 15.

**4.7 Staff Treatment.** With respect to treatment of paid and volunteer staff, the GM may not cause or allow conditions that are inhumane, unfair, or undignified. Accordingly, he may not:

- 4.7.1 Discriminate among employees on other than clearly job-related, individual performance or qualifications. Cause or allow discrimination on the basis of race, national origin, age, sex, sexual orientation, marital/parental status, religion, veteran status, lifestyle, or other lawfully protected class.
- 4.7.2 Fail to take reasonable steps to protect staff from unsafe or unhealthy conditions.
- 4.7.3 Withhold from staff a due-process, unbiased grievance procedure.
- 4.7.4 Discriminate against any staff member for expressing an ethical dissent.
- 4.7.5 Prevent staff from grieving to the Board when (a) internal grievance procedures have been exhausted and (b) the employee alleges that board policy has been violated to his or her detriment.

4.7.6 Fail to acquaint staff members with their rights under this policy or policies in the Personnel Policy Manual.

#### **4.8 Personnel Policy Manual**

The GM shall

- develop and maintain an employee manual that is reviewed whenever revised by competent legal counsel
- provide copies of this manual to the Board for information annually in April.
- provide copies of the manual to all new employees.

#### **4.9 Customer Relations** With respect to interactions with customers, the GM shall not cause or allow conditions, procedures, or decisions that are unwelcoming, unsafe, undignified, unprofessional, disrespectful, inequitable, or unnecessarily intrusive. Specifically, the GM shall not:

4.9.1 Cause or allow the name, address, phone number, email address, or any other personal information about any member to be disclosed to any person without the written consent of the member who is the subject of the information, except to the extent necessary or appropriate to operate the Co-op, provide services and information about the Co-op members, and comply with applicable law.

4.9.2 Operate without written customer service policies that clearly communicate to staff expectations for staff-customer interactions, outline means for establishing and reinforcing a culture of service, and provide for effective handling of customer grievances.

4.9.3 Cause or allow customer service discrimination on the basis of race, national origin, age, sex, sexual orientation, marital/parental status, religion, veteran status, lifestyle, or other lawfully protected class.

This policy will be monitored through a review of a report from the GM annually in April.

#### **4.10 Resignation:**

1. The GM is expected to give at least a one month notice of the intention to resign.
2. The Board has the discretion to request a letter of resignation and to hold an exit interview with the GM.
3. The last paycheck will be issued on the regular payday following the last period in which the GM worked.
4. Any store key(s) must be returned to the Board President at the time of resignation.
5. Accrued vacation time will be paid to the GM who resigns if sufficient notice has been given and any store keys returned.
6. The Board has the discretion to provide a reference upon request.
7. The reference may confirm dates of employment and may include information relevant to past performance evaluations.

#### **4.11 Termination** The Board has the discretion to terminate the employment

of the GM solely for good cause, as defined by the Board, to include the case that a performance evaluation reveals a conflict between the GM's job performance and the expectations of the Board in terms of stated and agreed upon goals, approved policy and the GM's job description. In the case of termination, the Board will decide if the GM should be allowed the option of remaining in the position until a new GM has been hired. If the Board decides otherwise, the contingency plan for succession (section 5.4) will be put in place.

- 4.12 GM Transition Committee.** The Board President is authorized, as soon as a vacancy or scheduled departure of the GM is known, to appoint a Search Committee and Committee Chair. The Search Committee may include up to two people not on the Board. The Search Committee shall present one or two qualified candidates to the full Board for selection. The Executive Committee shall, at the time of selection, negotiate the new GM's compensation.

## **Part 5: Executive Parameters**

- 5.1 General Guidance.** The purpose of the remainder of the BPM is to detail those executive parameters that will guide the GM and the staff as they accomplish the mission of the Potsdam Food Co-op. These parameters are intended to free the GM and the staff to make timely decisions without undue board directives. The Board expects that the GM will do nothing that is illegal, unethical, or imprudent. Beyond these general parameters, the Board details its executive parameters in the major sections that follow in Part 5.
- 5.2 Finance Parameters.** The GM must ensure that the financial integrity of the Co-op is maintained at all times; that proper care is exercised in the receiving, processing, and disbursing of funds; and that financial and nonfinancial assets are appropriately protected.
- 5.2.1 Budgeting.** The operating budget is written by the GM, with the assistance of the Finance Committee. It is then approved by the Board. Complying with the budget means:
- 5.2.1.1 Sales must be equal to or greater than the budgeted amount.
  - 5.2.1.2 The gross margin (gross profit expressed as a percentage) must be within 0.5 of a percentage point of the gross margin in the budget.
  - 5.2.1.3 Total personnel expense must be less than or equal to the budgeted amount.
  - 5.2.1.4 Total administrative expenses must be less than or equal to the budgeted amount .
  - 5.2.1.5 Operating income must be equal to or greater than the budgeted amount.
  - 5.2.1.6 Membership dues must be equal to or greater than the budgeted amount.

**5.2.2 Financial Controls.** The GM must exercise care in accounting for and protecting the financial assets of the Co-op. To this end, the GM is expected to incorporate generally accepted accounting principles and internal controls in the financial systems that are employed in the Co-op. In addition, the GM may not:

5.2.2.1 Receive, process, or disburse funds under controls insufficient to meet the board-appointed auditor's standards.

5.2.2.2 Approve an unbudgeted expenditure or commitment of greater than \$5000 without the approval of the full board.

5.2.2.3 Approve an unbudgeted expenditure or commitment of greater than \$2000 without the approval of the Finance Committee.

**5.2.3 Asset Protection.** The GM may not allow assets to be unprotected, inadequately maintained, or unnecessarily risked. Accordingly, the GM may not:

5.2.3.1 Fail to insure against theft and casualty losses to at least 80 percent of replacement cost and against liability losses to board members, staff, or the Co-op itself beyond the minimally acceptable prudent level.

5.2.3.2 Subject office equipment to improper wear and tear or insufficient maintenance.

5.2.3.3 Unnecessarily expose The Co-op, its Board, or its staff to claims of liability.

5.2.3.4 Make any major purchase of over \$20,000 without sealed bids or some other demonstrably prudent method of acquisition of quality goods, or any purchase of over \$10,000 without a written record of competitive prices, or any purchase wherein normally prudent protection against conflict of interest has not been provided.

5.2.3.5 Acquire, encumber, or dispose of real property without board approval.

**5.2.4 Surplus Funds** There are five channels for extra funds, to be considered annually:

- Maintenance/Renovation
- Expansion/Growth
- Staff Compensation
- Retiring Debt
- Contributions to reserve funds

Before the decision is made to invest surplus funds in any of the above, the other four shall be considered.

**5.2.5 Investment Principles.** The GM may not invest or hold operating capital in insecure instruments, including uninsured checking accounts and bonds of less than AA rating, or in non-interest-bearing accounts, except where necessary to facilitate operational transactions.

- 5.2.6 **Pricing Policy** The Pricing Policy shall comply with the Co-op Mission Statement and the budget.
- 5.2.7 **Purchasing Policy** The Purchasing Policy shall comply with the Co-op Mission Statement and the budget.
- 5.3 Audit and Compliance Parameters.** The GM shall take the necessary steps to ensure the integrity of our systems and procedures; to see that they comply with all pertinent legal, regulatory, and professional requirements; and to report to the Board any material variations or violations.
- 5.3.1 **External Review or Audit.** An independent auditor will be hired and supervised by the Finance Committee, after a careful selection and annual evaluation. In the case of an audit, the GM shall work with the auditor to gain an unqualified opinion on the annual financial statements and respond in detail to items in the auditor's management letter concerning opportunities to improve systems and procedures related to financial controls. Review and audits will be conducted in accordance with the Co-op Bylaws.
- 5.3.2 Internal Compliance.** *The GM shall meet all requirements for complying with federal, state, or local laws and regulations. The GM shall maintain a list of compliance actions and reports that are required of a Co-op and periodically submit the list for inspection by the Audit and Compliance Committee. On a biennial basis, starting in \_\_\_\_\_, the GM shall contract for a legal review of the Co-op's compliance with the pertinent laws and regulations and make the results of the review available to the Audit and Compliance Committee, which, in turn, will report to the Board on the overall status of the Co-op with respect to compliance matters, including any current problems or anticipated problems with regulatory authorities.*
- 5.4 Succession** The GM will develop a contingency plan that insures that the Co-op is prepared for the loss of key management personnel. The plan will address operations in the event of the absence of the GM. The plan will be kept current and presented to the Board annually in November.
- 5.5 Conflict of Interest.** Directors shall be under an affirmative duty to disclose their actual or potential conflict of interest in any matter under consideration by the Board. Unless otherwise determined by the Board, a director having a conflict of interest in any matter may not participate in the discussion or decision of an issue involving that matter. Such matter shall be made a matter of record in the minutes of the meeting. A transaction in which a director has an interest may be approved only by a majority of directors who have no interest in the transaction and upon a determination that the transaction is fair to the Co-op. Directors shall at all times maintain the confidentiality of sensitive matters.
- 5.6 Miscellaneous.** [Include other policies that don't naturally fit into one of the other major sections.]

