



# Current Board Policy Register

These are the policies by which the cooperative will be governed and managed to achieve the organizational Ends herein set forth.

*Last Updated September 23, 2012.*

They were last amended at a regular meeting of Board of Directors on June 19, 2012 in the following ways:

D6: Staff Treatment Compensations

Sections D6.2.8 - D.6.2.11 were added.

Rationale: The Board believes that a modification will provide better vision and clarification for our General Manager

They were previously amended at a regular meeting of the Board of Directors on May, 15th 2012 we we are no operating in a Working Group Model.



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Pages 4-8    **B. Board Process** describes how the board will work together to achieve organizational Ends on behalf of all members.

Pages 9-11   **C. Board-Management Relationship** describes the role, responsibilities, and authority delegated by the Board to the General Manager as well as the process of accountability.

Pages 12-18 **D. Executive Limitations** describes how the authority delegated to the General Manager by the board will be specifically limited.



## **A. Ends**

The New Orleans Food Cooperative exists so that we have a healthy and thriving community.

### **A1. Ends**

Because of all we do:

A1.1 Our community, regardless of income has access to healthy food.

A1.2 Regional farmers and producers are linked in a relationship with consumers.

A1.3 The diversity of our community is represented.

A1.4 Economically and environmentally sustainable practices are supported.

A1.5 Our community understands the cooperative model and experiences its economic and social value.

A1.6 Community members, staff, and owners have a sense of pride, belonging, and fellowship in their cooperative.

A1.7 Our community is knowledgeable about healthy eating and how their food is produced.



## **B. Board Process**

Acting on behalf of our owners, the board ensures that our cooperative produces benefit and value, while avoiding unacceptable actions and situations.

### **B1 Governing Style**

We will govern in a way that emphasizes empowerment and clear accountability. In order to do this, we will:

- B1.1 Have clearly defined Ends that focus our efforts.
- B1.2 Maintain group discipline, authority, and responsibility.
- B1.3 Clearly distinguish the roles of the Board and the General Manager
- B1.4 Encourage diverse viewpoints.
- B1.5 Obey all relevant laws and bylaws.

### **B2 The Board's Job**

In order to govern successfully, we will:

- B2.1 Create and sustain a meaningful relationship with new member owners.
- B2.2 Assign responsibility in a way that honors our commitment to empowerment and clear distinction of roles.
- B2.3 Delegate specific tasks to Board Committees
- B2.4 Hire, compensate, delegate responsibility to, and hold accountable a General Manager.
- B2.5 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, Board Process, Board-Management Relationship, Executive Limitations
- B2.6 Regularly monitor operational performance in the areas of Ends and Executive Limitations



B2.7 Regularly monitor board performance in the areas of Board Process and Board-Management Relationship.

B2.8 Perpetuate the board's leadership capacity using ongoing education and training.

### **B3 Board Meetings**

B3.1 Board meetings are regularly convened for the task of getting the Board's job done.

B3.2 We will use board meeting time only for work that is the whole Board's responsibility. We will avoid committee issues, operational matters and personal concerns.

B3.3 Meetings will be open to the membership except when executive session is officially called.

B3.4 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.

B3.5 We will use a relaxed version of Robert's Rules of Order.

B3.6 The meeting agenda will be determined by the board chair and board secretary, and may be modified at the meeting by consensus of the board.

B3.6.1 The agenda for all board meetings will be distributed in draft form at least seven days prior to the meeting date. A final version of the agenda will be distributed at least three days prior to the meeting date.

### **B4 Director's Code of Conduct**

B4.1 We each commit ourselves to ethical, businesslike and lawful conduct.

B4.2 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 co-op, and with such care as an ordinarily prudent person in a like position would use under similar circumstances.



B4.3 Directors must demonstrate no conflict of loyalty to the interests of the co-op'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.

B4.4 There will be no self-dealing or any conduct of private business or personal services between any director and the co-op except as procedurally controlled to assure openness, competitive opportunity and equal access to "inside" information.

B4.5 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.

B4.6 A director who applies for employment must first resign from the board.

B4.7 Directors may not attempt to exercise individual authority over the organization.

B4.8 When interacting with the General Manager, members or employees, directors must carefully and openly recognize their lack of individual authority.

B4.9 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.

B4.10 Directors will respect the confidentiality appropriate to issues of a sensitive nature and must continue to honor confidentiality after leaving board service.

B4.11 Directors will prepare for and attend all board meetings and board development sessions.

B4.12 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.

B4.13 Any director who does not follow the code of conduct policies shall resign from the Board.



## **B5 Directors Roles**

B5.1 The board will maintain the roles and responsibilities of officers required by the NOFC bylaws that the board has not chosen to delegate to management.

## **B6 Board Committee Principles**

B6.1 The board will use Board committees only to help them accomplish their job.

B6.2 Committees will reinforce and support the wholeness of the board.

B6.3 In particular, committees help the whole board move forward when they research alternatives and bring back options and information.

B6.4 Board committees may not speak or act for the board except when formally given such authority for specific and time-limited purposes.

B6.5 The board will establish and regularly review committee responsibilities through a record of commitments kept in meeting minutes.

B6.6 The board will clearly state committee expectations and authority to make sure they do not conflict with authority delegated to the General Manager.

## **B7 Governance Investment**

B7.1 The board will invest in the board's governance capacity.

B7.2 The board will make sure that board skills, methods and supports are sufficient to allow us to govern with excellence.

B7.3 The board will incur governance costs prudently, though not at the expense of endangering the development and maintenance of superior capability.

B7.4 The board will use training and retraining liberally to orient new directors and candidates for membership, as well as to maintain and increase existing members' skills and understandings.

B7.5 The board will arrange outside monitoring assistance as necessary so that the board can exercise confident control over organizational performance.



B7.6 The board will use outreach mechanisms as needed to ensure our ability to listen to owner viewpoints and values.

B7.7 The board will use professional and administrative support.

B7.8 The board 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 September.

## **C. Board-Management Relationship**

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





## **C1 Unity of Control**

C1.1 Only officially passed motions of the board are binding upon the GM.

C1.2 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.

C1.3 In the case of directors or committees requesting information or assistance without board authorization, the GM may refuse any requests that, in the GM's opinion, may disrupt operations or that require too much staff time or resources.

## **C2 Accountability of the General Manager**

C2.1 The General Manager is the board's only link to operational achievement and conduct.

C2.2 The board will view GM performance as identical to organizational performance so that the co-op's accomplishment of board-stated Ends and avoidance of board-proscribed means will be viewed as successful GM performance.

C2.3 The board will not instruct or evaluate any employee other than the GM.

## **C3 Delegation to the General Manager**

C3.1 The board delegates authority to the GM through written Ends and Executive Limitations policies.

C3.2 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.

C3.3 The board will respect and support the GM's choices as long as those choices are based on reasonable interpretations of board policies.



C3.4 If an Ends or Executive Limitations policy is changed, the change only applies in the future.

#### **C4 Monitoring General Manager Performance**

C4.1 The board will systematically and rigorously monitor and evaluate the GM's job performance.

C4.2 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.

C4.3 The board will acquire monitoring information by one or more of three methods:

C4.3.1 by internal report, in which the GM discloses interpretations and compliance information to the board

C4.3.2 by external report, in which an external, disinterested third party selected by the board assesses compliance with board policies

C4.3.3 by direct board inspection, in which a designated director or committee assesses compliance with the policy criteria.

C4.4 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.

C4.5 The GM is compliant with a policy if he/she presents a reasonable interpretation and adequate data that demonstrate accomplishment of that interpretation.



C4.6 The board will monitor all policies that instruct the GM. The board can monitor any policy at any time by any method but will ordinarily follow the schedule outlined in the Board Annual Calendar.

C4.7 The Board's annual evaluation of the General Manager, based on a summary of monitoring reports received from April 1st through March 31st, will be completed by May 31st. The Board will make its decisions concerning the evaluation and compensation no later than April 30th. The board will complete the GM compensation process no later than June 30th.

### **C5. General Manager Compensation**

C5.1 The NOFC Board will biannually negotiate and approve a package of compensation for our General Manager based on a requested proposal from the General Manager.

C5.2 An employment agreement describing the details of the approved compensation will be maintained in the General Manager's personnel file.

## **D. Executive Limitations**

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, or in violation of the Cooperative Principles.

## **D1 Financial Condition and Activities**

D1.1 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.

D1.2 The GM will not:

D1.2.1 Allow sales to decline or be stagnant.

D1.2.2 Allow operations to generate an inadequate net income.

D1.2.3 Allow liquidity, or the ability to meet cash needs in a timely and efficient fashion, to be insufficient.

D1.2.4 Allow solvency, or the relationship of debt to member-owners' equity, to be insufficient.

D1.2.5 Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.

D1.2.6 Acquire, encumber or dispose of real estate.

D1.2.7 Allow tax payments or other government-ordered payments or filings to be overdue or inaccurately filed.

D1.2.8 Allow late payment of contracts, payroll, loans or other financial obligations.

D1.2.9 Use restricted funds for any purpose other than that required by the restriction.



D1.2.10 Allow financial record keeping systems to be inadequate or out of conformity with GAAP.

## **D2 Business Planning and Financial Budgeting**

D2.1 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.

D2.2 The GM will not cause or allow plans that:

D2.2.1 Risk incurring those situations or conditions described as unacceptable in the board policy D1. Financial Condition and Activities.

D2.2.2 Omit credible projection of revenues and expenses, owner investment and return, separation of capital and operational items, cash flow, and disclosure of planning assumptions.

D2.2.3 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.

D2.2.4 Have not been tested for feasibility.

D2.2.5 Provide less for board prerogatives during the year than is set forth in the Governance Investment Policy.

## **D3 Asset Protection**

D3.1 The General Manager shall not allow assets to be unprotected, unreasonably risked, or inadequately maintained.

D3.2 The GM will not allow:



D3.2.1 Equipment and facilities to be inadequately insured, or otherwise unable to be replaced if damaged or destroyed, including coverage for any losses incurred due to business interruption.

D3.2.2 Unnecessary exposure to liability or lack of insurance protection from claims of liability.

D3.2.3 Inadequate security of premises and property.

D3.2.4 Data, intellectual property, or files to be unprotected from loss, theft or significant damage.

D3.2.5 Improper usage of members' and customers' personal information.

D3.2.6 Uncontrolled purchasing or purchasing subject to conflicts of interest.

D3.2.7 Damage to the co-op's public image.

#### **D4 Membership Rights and Responsibilities**

D4.1 The General Manager will not allow members to be uninformed or misinformed of their rights and responsibilities.

D4.2 The GM will not create or implement a member equity system without the following qualities:

D4.2.1 The required member equity, or fair share, as determined by the board.

D4.2.2 Members are informed that equity investments are at risk. While they are generally refundable, the board retains the right to withhold refunds when necessary to protect the co-op's financial viability.



D4.2.3 Equity will not be refunded if such a refund would lead to a net decrease in total member invested equity, or would risk, cause or exacerbate non-compliance with any Financial Condition policy.

D4.2.4 Implement a patronage dividend system that does not comply with IRS regulations.

D4.2.5 Allow the board to examine a range of options and implications, and make a timely determination each year concerning how much, if any, of the co-op's net profit will be allocated and distributed to members.

## **D5 Treatment of Consumers**

D5.1 The General Manager will not be unresponsive to customer needs.

D5.2 The GM will not:

D5.2.1 Operate without a system for soliciting and considering customer opinion regarding preferences, product requests, complaints and suggestions.

D5.2.2 Allow an unsafe shopping experience for our customers.

## **D6 Staff Treatment and Compensation**

D6.1 The General Manager will not treat staff in any way that is unfair, unsafe, or unclear.

D6.2 The GM will not operate without written personnel policies that:

D6.2.1 Determine clear rules for staff

D6.2.2 Provide for fair and thorough handling of grievances

D6.2.3 Are accessible to all employees



D6.2.4 Inform staff that employment is neither permanent nor guaranteed.

D6.2.5 Cause or allow personnel policies to be inconsistently applied.

D6.2.6 Provide for adequate documentation, security and retention of personnel records and all personnel related decisions.

D6.2.7 Establish compensation and benefits that are internally or externally equitable.

D6.2.8 Anticipate, prevent, and minimize any disruptions, liability, or discord due to conflicts of interest among staff members. These includes financial, inter-personal, or other possible conflicts of interest.

D6.2.9 Establish and make known to the staff channels for reporting grievances, harassment, and discrimination to the management or the board without fear of retaliation.

D6.2.10 Prohibit discrimination or harassment based upon sex (including pregnancy), race, age, physical or mental disability, sexual orientation, national origin, religion, or martial/ parental status and other classes as defined by the Equal Employment Opportunities Commission (EEOC) and US law.

D6.2.11 Close relatives of a current employee may not be hired, promoted, or placed in a position if it would create: (1) a supervisor/ subordinate relationship between close relatives or (2) a conflict of interest or the appearance of one. A dating relationship, or any special personal relationship, should never exist between a supervisor and an employee within that supervisor's chain of command.

D6.3 The GM will not change the GM's own compensation and benefits, except as his or her benefits are consistent with a package for all other employees.

## **D7 Communication to the Board**





D7.1 The General Manager shall not cause or allow the board to be uninformed or unsupported in its work.

D7.2 the GM will not:

D7.2.1 Submit monitoring data that is untimely, inaccurate, or hard to understand.

D7.2.2 Report any actual or anticipated noncompliance with any policy of the board in an untimely manner and without a plan for becoming compliant.

D7.2.3 Allow the Board to be unaware of relevant trends, public events of the cooperative, or internal and external changes which affect the assumptions upon which board policy has previously been submitted.

D7.2.4 Withhold her/his opinion if the GM believes the board is not in compliance with its own policies on Board Process and Board-Management Relationship, particularly in the case of board behavior that is detrimental to the work relationship between the board and the GM.

D7.2.5 Deal with the Board in a way that favors or privileges certain board members over others except when (a) fulfilling individual requests for information or (b) responding to officers or committees duly charged by the board.

D7.2.6 Fail to supply for the board's consent agenda all decisions delegated to the GM yet required by law, regulation, or contract to be board-approved.

## **D8 Board Logistical Support**

D8.1 The General Manager will not allow the Board to have inadequate logistical support.



D8.2 The GM will not:

D8.2.1 Provide the Board with insufficient staff administration to support governance activities and Board communication.

D8.2.2 Allow the board to be without a workable mechanism for official board, officer or committee communications.

D8.2.3 Allow Board Members to be without an updated copy of the Current Board Policy Register and the Bylaws.

D8.2.4 Provide inadequate information and notice to members concerning Board actions, meetings, activities and events.

## **D9 Emergency GM Succession**

D9.1 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.