

ELFCO Policy Register

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Policy Type: Ends

Policy Title: A – Global End

Last Revised: June 11th, 2012

East Lansing Food Cooperative exists so that our community is healthy, diverse, and thriving.

1. The community has access to organically and locally produced goods.
2. The community has access to products and services that promote personal and environmental health.
3. The community is educated about the benefits of healthy, organic, & sustainably produced goods.
4. The community has a vibrant local economy.
5. The cooperative infrastructure is supported.

Policy Type: Executive Limitations

Policy Title: B – Global Executive Constraint

Last Revised: 10/11/2010

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.

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Policy Type: Executive Limitations

Policy Title: B1 – Financial Condition and Activities

Last revised: 10/11/2010

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 (or the relationship of debt to member/owners' 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 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. Fail to provide adequate financial reports to the board on at least a quarterly basis.
12. In the event of the cooperative undertaking expansion which may negatively impact sales, net income, liquidity, solvency and other liabilities, allow substantial deviations from any board-approved financial Pro Forma for those projects.

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Policy Type: Executive Limitations

Policy Title: B2 – Business Planning and Financial Budgeting

Last revised: 10/11/2010

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 and return, separation of capital and operational items, cash flow, and disclosure of planning assumptions.
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.
4. Have not been tested for feasibility.
5. 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: 10/11/2010

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

The GM will not:

1. Allow 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.
2. Allow unnecessary exposure to liability or lack of insurance protection from claims of liability.
3. Allow inadequate security of premises and property.
4. Allow data, intellectual property, or files to be unprotected from loss, theft or significant damage.
 - a. Allow improper usage of members' and customers' personal information.
5. Allow uncontrolled purchasing or purchasing subject to conflicts of interest.
6. Allow lack of due diligence in contracts.
7. Allow damage to the Cooperative's public image.

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Policy Type: Executive Limitations

Policy Title: B4 – Membership Rights and Responsibilities

Last Revised: 10/11/2010

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

The GM will not:

1. Create or implement a member equity system without the following qualities:
 - a. The required member equity, or fair share, is determined by the Board.
 - b. 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 Cooperative's financial viability.
 - c. Equity will not be refunded if such a refund would lead to a net decrease in total member paid-in equity, or would risk, cause or exacerbate non-compliance with any Financial Condition policy or law.
2. Implement a patronage dividend system that does not:
 - a. Comply with IRS regulations.
 - b. 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 Cooperative's net profit will be allocated and distributed to members.

Policy Type: Executive Limitations

Policy Title: B5 – Treatment of Customers

Last Revised: 10/11/2010

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.

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Policy Type: Executive Limitations

Policy Title: B6 - Staff Treatment and Compensation

Last revised: 10/11/2010

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

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. Provide for 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: 10/11/2010

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, inaccurate, or hard to understand.
2. Report any actual or anticipated noncompliance with any policy of the Board in an untimely manner.
3. Allow the Board to be unaware of internal and external issues that may affect Board policy, for example, relevant trends, public events, etc.
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. 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.

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Policy Type: Executive Limitations

Policy Title: B8 –Board Logistical Support

Last Revised: 10/11/2010

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: 10/11/2010

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

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Policy Type: Board Process

Policy Title: C – Global Governance Commitment

Last Revised: 10/11/2010

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

Policy Type: Board Process

Policy Title: C1 – Governing Style

Last Revised: 7/2014

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

1. Focus our vision outward and toward the future
2. Observe the 10 Policy Governance principles
3. Maintain group discipline, authority and responsibility
4. Clearly distinguish Board and General Manager roles
5. Encourage diverse viewpoints
6. Obey all relevant laws, regulations and bylaws.
7. Observe the cooperative values and principles adopted by the International Cooperative Alliance.

Policy Type: Board Process

Policy Title: C2 – The Board's Job

Last Revised: 10/11/2010

In order to govern successfully, we will:

1. Create and sustain a meaningful relationship with member-owners.
2. Hire, compensate, delegate responsibility to, and hold accountable a General Manager. (See D. Board GM Relationship Policies)
3. 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.
4. Assign responsibility in a way that honors our commitment to empowerment and clear distinction of roles.
5. 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.
6. Perpetuate the Board's leadership capacity using ongoing education, training and recruitment.

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Policy Type: Board Process

Policy Title: C3 – Annual Calendar Planning

Last Revised: 10/11/2010

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

1. Our annual governance calendar will run from May to April.
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, compensation, and contract decisions as outlined in our Board-Management Relationship policies.

Policy Type: Board Process

Policy Title: C4 – Board Meetings

Last Revised: 11/8/2010

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 avoid committee issues, operational matters and personal concerns.
2. Meetings will be open to the membership except when executive session is officially called.
 - a. 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 limit the amount of meeting time taken up by monitoring reports, discouraging discussion unless the reports indicate policy violations, or the policy criteria themselves need review.
4. We will attend to consent agenda items as expeditiously as possible.
5. We will use a relaxed version of Robert's Rules of Order.
6. The meeting agenda will be determined by the Board president, and may be modified at the meeting by a majority vote of the Board.

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Policy Type: Board Process

Policy Title: C5 – Directors’ Code of Conduct

Last Revised: 11/08/2010

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, member, employee, vendor, or contractor.
 - 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 may be removed from the Board by a 2/3 majority vote of the remaining Board.

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Policy Type: Board Process

Policy Title: C6 – Officers’ Roles

Last Revised: November 08, 2010

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.
 - 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 set the agenda for Board meetings with input from other directors and the General Manager. The president will chair the meeting.
 - c. The president plans for leadership (officer) perpetuation,
 - d. The president may represent the Board to outside parties.
 - e. The president will assign another board member to perform the duties of the president in her/his absence.
4. The treasurer will lead the Board’s process for creating and monitoring the Board’s (not the Cooperative’s) budget
 - a. In addition, the treasurer will (TBD)
5. The secretary will make sure the Board’s documents are accurate, up to date, and appropriately maintained, including secure backup.
 - a. In addition, the secretary will (TBD)

Policy Type: Board Process

Policy Title: C7 – Board Committee Principles

Last Revised: November 08, 2010

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

1. Committees will reinforce and support the wholeness of the Board.
 - a. 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.
 - a. We will carefully state committee expectations and authority to make sure they do not conflict with authority delegated to the GM.

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Policy Type: Board Process

Policy Title: C8 – Governance Investment

Last Revised: November 8, 2010

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.
 - a. We will use training and retraining sufficiently 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 monitoring 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.
3. 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 September 1st.

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Policy Type: Board-Management Relationship
Policy Title: D – Global Board-Management Connection
Last Revised: November 8, 2010

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: November 8, 2010

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: November 8, 2010

The General Manager is the Board's only link to operational achievement and conduct.

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: August 2013

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 operational policies, practices and plans for the cooperative.
2. The Board will respect and support 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.

ELFCO Policy Register

Policy Type: Board-Management Relationship

Policy Title: D.4 – Monitoring GM Performance

Last Revised: 2012

The Board will systematically and rigorously monitor and evaluate the GM's job performance.

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 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 for the period January 1st through December 31st of the previous year, will be completed by March 1st.
7. The Board will make its decisions concerning the evaluation and the employment contract no later than April 1st.
8. The Board will complete the bi-annual GM compensation process no later than April 1st in odd numbered years.