

## **GENERAL MANAGER - BOARD RELATIONSHIP POLICIES**

### **GENERAL MANAGER ROLE 3-0**

The General Manager, as chief executive officer, is accountable to the board acting as a body. The board will instruct the General Manager through written policies, delegating to him or her interpretation and implementation of those policies.

### **DELEGATION TO THE GENERAL MANAGER 3-1**

The board's job is generally confined to establishing topmost policies, leaving implementation and subsidiary policy development to the General Manager. Ends policies direct the General Manager to achieve certain results; Executive Limitations policies constrain the General Manager to act within acceptable boundaries of prudence and ethics. All board authority delegated to staff is delegated through the General Manager, so that all authority and accountability of staff can be phrased - insofar as the board is concerned - as authority and accountability of the General Manager.

1. The General Manager is authorized to establish all further policies, make all decisions, take all actions, and develop all activities that are true to the board's policies. The board may, by extending its policies, "undelegate" areas of the General Manager's authority, but will respect the General Manager's choices so long as the delegation continues. This does not prevent the board from obtaining information about activities in the delegated areas.
2. No individual board member, officer, or committee has the authority over the General Manager. Information may be requested, but if such request, in the General Manager's judgment, requires a material amount of staff time, it may be refused, except in the rare instances when the board has specifically authorized such exercise of authority.
3. The General Manager may not perform, allow or cause to be performed any act which is contrary to explicit board constraints on executive authority. (see Executive Limitations policies)
4. Should the General Manager deem it necessary to violate board policy, s/he shall inform an officer of the board. Informing is simply to guarantee no violation may be intentionally kept from the board, not to request approval. Officer response, either approving or disapproving, does not exempt the General Manager from subsequent board judgment of the action.

### **GENERAL MANAGER'S JOB CONTRIBUTION 3-2**

As the board's single official link to the operating organization, the General Manager is accountable for organizational performance and exercises all authority transmitted into the organization by the board. General Manager performance will be considered to be synonymous with organizational performance as a total.

Consequently, the General Manager's job contributions can be stated as performance in only two areas:

1. Accomplishing the board's Ends policies.
2. Operating the organization within the boundaries of prudence and ethics established in the board's Executive Limitations policies.

### **GENERAL MANAGER ACCOUNTABILITY 3-3**

The GM is the board's only link to operational achievement and conduct, so that all authority and accountability of staff, as far as the board is concerned, is considered the authority and accountability of the GM.

Accordingly:

1. The board will never give instructions to persons who report directly or indirectly to  
the GM.
2. The board will not evaluate, either formally or informally, any staff other than the  
GM.
3. The board will view GM performance as identical to organizational performance so  
that organizational accomplishment of board-stated ends and avoidance of board-  
proscribed means will be viewed as successful GM performance.

### **MONITORING GENERAL MANAGER PERFORMANCE 3-4**

Monitoring General Manager performance is synonymous with monitoring organizational performance against board policies on Ends and Executive Limitations. Any evaluation of General Manager performance, formal or informal, may be derived only from these monitoring data.

1. The purpose of monitoring is simply to determine the degree to which board policies are being fulfilled. Information which does not do this will not be considered to be monitoring. Monitoring will be as automatic as possible, using a minimum of board time so that meetings can be used to create the future rather than to review the past.
2. A given policy may be monitored in any or all of three ways:
  - a) Internal report: disclosure of compliance information to the board from the GM.
  - b) External report: discovery of compliance information by a disinterested, external auditor, inspector, or judge whom is selected by and reports directly to the board. Such reports must assess executive performance only against policies of the board, not those of the external party unless the board has previously indicated that party's opinion to be the standard.
  - c) Direct board inspection: discovery of compliance information directly by a board member, a committee, or the board as a whole. This is a board inspection of documents, activities, or circumstances directed by the board that allows a "reasonable person" test of policy compliance.
3. Upon the choice of the board, any policy can be monitored by any method at any time. For regular monitoring, however, each Ends and Executive Limitations policy will be classified by the board according to frequency and method.

<b>Policy</b>	<b>Method</b>	<b>Frequency</b>	<b>Month</b>
Ends	Internal	Annually	Jan.
General Manager Role	Internal	Annually	Mar.
Treatment of Consumers	Internal	Annually	May
Treatment of Staff	Internal	Annually	May
Financial Condition and Activities	Internal	Quarterly	Jan., Apr., July, Oct.
	External	Annually	Sept.
Financial Planning and Budgeting	Internal	Quarterly	Feb., May, Aug., Nov.
Emergency GM Succession	Internal	Annually	Oct.
Asset Protection	Internal	Annually	Nov.
Compensation and Benefits	Internal	Annually	Feb.

Communication and Counsel to the Board	Direct inspection	Annually	July
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4. A formal evaluation of the GM will occur in the quarter after the close of the fiscal Year. This evaluation will only consider monitoring data as defined here, but as it has appeared over the intervening year.

### **GENERAL MANAGER COMPENSATION 3-5**

The General Manager's compensation plan (base, contingent, benefits, deferred compensation, etc.) will be:

1. For a specified period of time, as agreed upon by the GM and Board of Directors.
2. In line with industry and local standards, and provide a fair market value for skills and experience as required by the accomplishment of the Ends Statement and in compliance with Executive Limitations.
3. Financially feasible.
4. In scale to the compensation plans of the other managers employed by the Co-op.
5. Motivating to the GM.
6. Within legal, moral and policy restrictions.
7. Easily and objectively measurable/calculable.
8. Consistent with a reasonable interpretation of all relevant policies.

The board may award a bonus for any of the following reasons:

1. Retention
2. Recruitment
3. Reward
4. Recompense for a conservative base pay

#### **Chatham Marketplace Criteria for Proposal (CFP) for GM Compensation Plan:**

Goal: To help inspire and motivate the GM to do what is best for the Co-op, to ensure a successful turnaround, and to achieve the CM ends.

#### **Expectations & Limitations:**

- The plan should run from <date x> to <date y> [dates to be proposed by the GM]
- The plan should comply with a reasonable interpretation of all relevant policies
- The plan should be affordable for the co-op
- The plan should be in scale to the compensation plans of the other managers employed by the Coop
- The plan should be easily and objectively measurable/calculable
- The plan should consider the complete compensation package (base, contingent, benefits, deferred compensation, etc.)
- The plan should be in line with industry and local standards

## **GLOBAL GOVERNANCE COMMITMENT 4-0**

The purpose of the board, on behalf of Chatham Marketplace Owners and the larger community, is to see to it that Chatham Marketplace (a) achieves appropriate results for appropriate persons at an appropriate cost (as specified in board Ends policies) and (b) avoids unacceptable actions and situations (as prohibited in board Executive Limitations policies).

### **GOVERNING STYLE 4-1**

The board will approach its task proactively and with a style that emphasizes the future, strategic leadership, and clear distinction of board and staff roles.

The board will:

Cultivate a sense of group responsibility. The board, not the staff, will be responsible for excellence in governing. The board will be an initiator of policy, not merely a reactor to staff initiatives. The board will use the expertise of individual members to enhance the ability of the board as a whole, rather than to substitute individual judgments for board's values.

Direct, control and inspire the organization through the careful establishment of broad written policies reflecting the board's values and perspectives. The board's major policy focus will be on the intended Ends, not on the administrative or programmatic means of attaining those effects.

Enforce upon itself whatever discipline is needed to govern with excellence. Discipline will apply to matters such as attendance, preparation for meetings, policymaking principles, respect of roles, and ensuring the continuity of governance capability. Continual board development will include orientation of new members in the board's governance process and periodic board discussion of process improvement. The board will allow no officer, individual or committee of the board to hinder or be an excuse for not fulfilling its commitments.

Monitor and discuss the board's process and performance each quarter. Regular self monitoring is intended to ensure that the board is consistent with its Governance Process and Board-Staff Relations policies.

Set annual board goals, and evaluate for performance.

### **BOARD OPERATING STRUCTURE 4-2**

In accomplishing its job products, the board will organize itself to ensure:

long term stability of the Board of Directors; board unity; equity of work and compensation for board members; and efficiency in accomplishing its job products. Accordingly, the board operating structure will be:

Four officer positions:

- President to ensure the integrity of the board's process;
- Vice President to ensure the continuity of the office of President if necessary;
- Secretary to duly record Board meetings and maintain minutes, by-laws, policies and committee reports;
- Treasurer to ensure the integrity of the board's use of resources.

Three standing committees:

- Ownership Committee to assist the Board with ownership related activities;
- Board Development Committee to assist the Board with research, recruitment and training needs;
- Finance Committee to assist the Board in fulfilling its oversight responsibilities relating to the Co-op's financial resources, capital structure and financial strategies.

Ad hoc committee(s) to assist the board as necessary.

### **ELECTED AND APPOINTED BOARD MEMBERS 4-3**

The Board of Directors shall consist of the following:

- Two (2) directors elected by the Worker-owners.
- Two (2) directors elected by the Consumer-owners.
- The General Manager, who shall be selected by the board.
- Up to six (6) additional appointed members who shall be selected by the existing Board members.

**Eligibility.** The directors shall accept any Consumer or Worker owner in good standing as a candidate for election or appointment to the appropriate class of the Board of Directors.

**Elected Directors.** Elections shall be held at the annual meeting. Directors shall be elected by a simple majority. Owners unable to attend the annual meeting may vote with a signed absentee ballot received by the time of the vote.

**Appointed Directors.** New board members shall be appointed no later than the March meeting (preferably February) in order that they may attend new Board member orientation and begin their term in April.

The Board will maintain ad Board Development Committee to recruit and encourage elected and appointed board members.

**Term of Office.** Directors are elected or appointed for a term of three (3) years.

## **OFFICER AUTHORITY & RESPONSIBILITY 4-4**

The board elects officers to help it maintain the integrity of its process, its legal responsibility and its responsibility for its own expenses.

### **I. PRESIDENT'S ROLE**

The job product of the President is the integrity of the board's process. The President is the only person authorized to make official statements on behalf of the Board except the General Manager, other than in specifically authorized instances.

The job output of the President is that the board behaves consistently with its own rules and those legitimately imposed upon it from outside the organization.

Meeting discussion content will be only those issues which, according to board policy, clearly belong to the board, not the General Manager, to decide.

Deliberation will be timely, fair, orderly and thorough as well as efficient, limited to time and kept to the point.

Board decision-making process will be observed as outlined in the policy, "Decision-Making Process".

The President is empowered to chair board meetings, with all the commonly accepted powers of that position (e.g. ruling, recognizing).

The President's authority does not extend to making decisions within Ends and Executive Limitation policy areas, each of which is within the purview of the General Manager.

The President's authority does not extend to supervision, interpreting board policies to or otherwise directing the General Manager.

### **II. VICE-PRESIDENT'S ROLE**

The role of the Vice-President is to assist the President as needed and to be prepared to fulfill the duties of President when necessary.

### **III. SECRETARY'S ROLE**

The job “product” of the Secretary is the integrity of the Board’s legal responsibilities, adhering to Chatham Marketplace’s Articles of Incorporation and Bylaws.

The job output of the Secretary is that the Board meets all responsibilities imposed upon it by law, including, but not limited to: maintaining the records of public meetings and executive sessions, and the corporate seal, and signing corporate documents

The authority of the Secretary consists in adhering to the Board’s legal responsibilities and/or as authorized and directed by the board.

#### **IV. TREASURER’S ROLE**

The job “product” of the Treasurer is the integrity of the Board’s budget.

The job output of the Treasurer is that the Board develops, approves and abides by a budget for directly Board authorized expenses incurred in the course of conducting the Board’s work. This includes, but is not limited to fees for facilitation and the Boards compensation..

The authority of the Treasurer consists in the integrity of the Board’s budget and/ or as authorized and directed by the Board.

#### **RELATIONSHIP TO OWNERS 4-5**

The Board obtains its authority from, represents, and has fiduciary and legal responsibility to the owners. The Board is responsible for linkage with owners. The relationship with owners is the Board’s primary relationship.

1. The board shall stay informed of owner’s values and refer to these values as it does its work.
2. The method of linking shall be fair and accessible with respect to all owners; shall provide mutual information exchange; shall respect the board’s visionary role; shall occur regularly, and be achievable, and measurable.
3. Linkage with owners shall provide:
  - a. The fulfillment of our by-law requirement for an annual meeting
  - b. Open access to Board policy and process.
  - c. Owner feedback on Ends, issues important to our owners, and the vision and future of the Co-op.

In addition, the Board may state from year to year a specific outcome it desires from its linkage with owners beyond testing the ends and informing the ownership.

### **BOARD MEMBER RESPONSIBILITIES 4-6**

Board members must exercise personal and organizational integrity with regard to the Cooperative's values, visions, and policies as they develop and evolve.

Board members agree to:

- Understand and commit to carrying out the job products of the board as defined in these governance policies;
- Understand and commit to the principles of governance as defined in these governance policies;
- Maintain the intent of these governing principles whenever developing or revising governance policies or in any board related work.
- Board members will assume individual responsibility for sharing the responsibilities of governance.
- Any board member committing to a task will complete it as agreed or take the initiative to secure other resources to get it done. In turn, regardless of who is doing a task, each board member is aware of what needs to be done and will help to expedite the board's work effectively.
- Each board member must be familiar with and stay current on all the facts upon which board members must base their collective opinions and decisions.
- Board members will attend and prepare for all board meetings and any meetings of committees of which they are a member and be fully involved in all deliberations and decisions. If, for some reason, board members are not prepared for board meetings or if they miss a meeting, they will assume responsibility for completing the prep after the meeting, as appropriate, as well as be informed on everything discussed in the meeting.
- In fulfillment of the board's commitment to linking with owners, board members will attend the annual Meeting and other significant linkage events.

### **BOARD JOB PRODUCTS 4-7**

- Specific job outputs of the board, as an informed agent of the ownership, are those that ensure appropriate organizational performance.
- Accordingly, the board has direct responsibility to create:
  1. The linkage between the ownership and the operational organization

2. Written governing policies that realistically address the broadest levels of all organizational decisions and situations
  - A. Ends: organizational products, impacts, benefits, outcomes, recipients, and their relative worth (what good for which recipients at what cost)
  - B. Executive limitations: constraints on executive authority that establish the prudence and ethics boundaries within which all executive activity and decisions must take place
  - C. Governance process: specification of how the board conceives, carries out, and monitors its own task
  - D. Board-management delegation: how power is delegated and its proper use; the General Manager's role, authority, and accountability
3. Assurance of successful organizational performance on Ends and Executive Limitations.

### **BOARD MEMBERS' CODE OF CONDUCT 4-8**

The board commits itself and its members to ethical and businesslike conduct. This includes proper use of authority and appropriate decorum when acting as board members.

Members must represent unconflicted loyalty to the interest of Chatham Marketplace. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other boards or staffs. It also supersedes the personal interest of any board member acting as a consumer of the organization's services.

Members must avoid conflict of interest with respect to their fiduciary responsibility.

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

When the board is to decide upon an issue, about which a member has an unavoidable conflict of interest, that member shall absent herself or himself without comment from not only the vote, but also from the deliberation.

Board members must not use their positions to obtain employment in the organization for themselves, family members or close associates.

Members will disclose their involvement with other organizations, with vendors, or any other associations which might produce a conflict.

3. Board members may not attempt to exercise individual authority over the organization except as explicitly set forth in board policies.

A Members' interactions with the chief executive or with staff must recognize the lack of authority vested in individuals except when explicitly board-authorized.

B Members' interaction with public, press or other entities must recognize the same limitation and the inability of any board member to speak for the board.

Members will respect the confidentiality appropriate to issues of a sensitive nature.

### **BOARD MEETINGS 4-9**

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

1. Board meetings will be open to the owners and staff except when Executive Session is officially announced. Visitors will observe only, unless requested by the Board to speak.
2. **EXECUTIVE SESSION:** Executive sessions will be used to facilitate discussions among Board officers and will only be used for matters requiring confidential deliberation. Executive Session is comprised of Board officers. Any board member may request an Executive Session by contacting the Chair for its appropriate inclusion on the agenda. Requests for Executive Session are subject to the following requirements:
  - The purpose of such session must be stated.
  - The Board officers may include no one else or anyone else it chooses.
  - Except for rare circumstances, announcement of the Executive Session will be on the published agenda.

Decisions will not be made during Executive Session. Any decisions made based on Executive Session discussions will be made during public session and will be recorded in minutes.

3. **AGENDA CONTROL:** The Board is the sole authority over its own agenda. The Chair will exercise this control on behalf of the Board, but any Board member - with Board consensus - may add or delete items from the agenda. Owners may request time on the agenda from the Board Chair. Notification of meetings will be posted in a conspicuous place in the Co-op and on the webpage at the time agendas are distributed to Board members.

4. **AGENDA CONTENT:** The Board will work only on the Board's job. That is, Board time will only be used for issues within the Board's legal responsibilities and its chosen areas of responsibility.

5. **MEETING DATES:** The schedule for regular board meetings for the next 12 months will be set at the first board meeting following the annual election of new board members. This timing supports the input from the new board members in setting the schedule. The Board is committed to 100% attendance at board meetings.

Any Board member may request a change in the meeting date by:

- Checking with the President to make sure changing the date will not interfere with items on the agenda
- Obtaining the approval of all other Board members for an alternative date.
- Confirming the new date at the earliest possible time.

### **AGENDA PLANNING 4-10**

To accomplish its job products with a governance style consistent with board policies, the board will follow an annual calendar that (1) completes re-exploration of Ends policies and by-laws on alternating years and (2) continually improves board performance through board education and self-evaluation.

Accordingly,

1. The cycle will begin each year on the first day of January so that fiscal year management planning and budgeting can be based on accomplishing a one-year segment of the board's most recent statement of long-term strategic goals.
2. The Board will decide GM remuneration during the quarter following the end of the fiscal year after a review of monitoring reports received in that year.
3. GM monitoring will be included on the agenda if monitoring reports show policy violations or if policy criteria are to be debated.
4. Additional items can be added to the monthly Board agenda as time and necessity dictate and simply need to be submitted to the Board chair in a timely manner.

### **DECISION-MAKING PROCESS 4-11**

1. Presentation of proposal. (Read through.)
2. Questions clarifying intent of proposal.
3. Share any relevant information.
4. Test for consensus.

5. Offer and clarify amendments and objections. (Facilitator will list these.)
- 6 .a. Discuss to resolve objections, with group offering creative suggestions. (Active facilitation necessary.)
  - b. Test for resolution of objections.
7. a. Prioritize and combine amendments to the proposal.
  - b. Test for consensus on amendments.
8. Read the final amended proposal.
9. Verbal test for consensus: agreement, stand-asides or blocks. (Facilitator will lead.)
10. If a “block” cannot be resolved the issue goes to vote.

#### Protocol for Between Meeting Decisions

1. All Board members will be given 24 hours to respond to an e-mail requesting input. All members not responding will be called and given 24 hours to respond to a call requesting input. If a quorum of the Board has given input after that time, a binding Board decision can be made by that quorum.

#### DEFINITION OF PROCESS TERMS

**Consensus:** Agreement, not always 100%, of members, with objectors deciding not to block action on the proposal.

**Amendment:** A modification of the proposal to make it more acceptable or to bring it into compliance with bylaws.

**Stand-aside:** Disagreement by a member who does not want to stop action on the proposal. Individual wishes to record the disagreement.

**Block:** An irreconcilable objection that stops current action on the proposal. The major objector(s) accepts the responsibility for meeting with the proposers to rewrite the proposal.

### **BOARD GROUNDRULES 4-12**

The reason for adopting ground rules is to enable the board to more effectively communicate, resolve conflicts, solve problems, and make decisions. These ground rules are based on three values: valid information, free and informed choice, and internal commitment.

1. Share all relevant information.
2. Be specific--use examples.
3. Explain the reasons behind your statements, questions, and actions.
4. Focus on interests, not positions.
5. Stay focused: discuss a topic enough for everyone to be clear about it.
6. Don't take cheap shots.
7. Disagree respectfully and openly with any member of the group.
8. Discuss difficult issues.
9. Share appropriate information with non-group members.
10. Make statements: then invite questions.
11. Test assumptions and inferences publicly.
12. Agree on what important words mean.
13. Jointly design ways of testing disagreements and solutions.
14. Expect all members to identify and solve problems.
15. Make decisions by consensus.
16. Do self-critiques.

### **COMMITTEE PRINCIPLES 4-13**

The Board may establish committees to help it carry out its responsibilities. The purpose of board committees is to assist the Board in achieving the Board's work as defined by the Board's job products. These committees will be used only as necessary and in a way that will not interfere with Board unity.

1. Committee work is limited to those tasks specifically delegated to the committees by the Board and will consist chiefly of preparing policy alternatives and

implications for Board deliberation. Board committees report solely to the Board and only as specified by the Board.

2. Board committee chairs are responsible for coordinating committee work, as necessary, to complete the committees' tasks effectively.
3. Board committees may not be asked to monitor organizational performance. Committees may request monitoring reports for the board and advise the board on monitoring tools, but organizational performance must be deliberated by the full board. This is intended to protect committees from inadvertent authority or identification with overseeing operations.
4. Board committees may not speak or act for the board except when formally given such authority for specific and time-limited purposes - such as approval for the owners committee to represent the board while coordinating the annual consumer board election and annual meeting with operational marketing. This is intended solely to help the board efficiently complete a task that would otherwise require awkward formality to expedite.
5. Board committees operate in accordance with the principles of the full board, exercising the same decorum and integrity. Committee chairs are responsible for ensuring that non-board member committee members are fully advised of these principles and comply with them.
6. This policy applies only to committees which are formed by board action, whether or not the committees include non-board members.
7. Each Board committee will submit a report to the Board chair prior to the Board meeting. The committee chair will send the report to the Board chair to be sent out with the agenda. The Board will only consider policy and other Board level decisions during regular Board time.

### **GOVERNANCE INVESTMENT 4-14**

Because poor governance costs more than learning to govern well, the board will invest in its governance capacity.

Accordingly:

1. Board skills, methods, and supports will be sufficient to ensure governing with excellence.
  - A. Training and retraining will be used liberally to orient new Board members as well as to maintain and increase existing Board member skills and understandings.
  - B. Outside monitoring assistance will be arranged so that the board can exercise confident control over organizational performance. This includes, but is not limited to, financial audits.
  - C. Outreach mechanisms will be used as needed to ensure the board's ability to listen to owner viewpoints and values.

2. Costs will be prudently incurred, though not at the expense of endangering the development and maintenance of superior capability.
  - A. Up to \$6,345 for training, including attendance at conferences and workshops.
  - B. Up to \$ 800 for auditing and other third-party monitoring of organizational performance.
  - C. Up to \$ 3,000 for surveys, focus groups, opinion analyses, and meeting costs.
3. The board will establish its cost of governance budget for the next fiscal year during the month of October.