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POLICY A: ENDS

The Willimantic Food Cooperative strives to provide its members, shoppers and the greater community a retail food store which:

- Supports and increases sustainable agriculture, locally, regionally and globally, with a strong emphasis on local and regional agriculture and food processing.
- Works towards reducing our environmental impact. This includes showcasing our coop as a model of sustainability in the retail food world, with aspirations for zero waste.
- Ensures inclusivity and represents our diverse community.
- Demonstrates the economic and social value of the cooperative model by maintaining financial sustainability and viability.

POLICY B: EXECUTIVE LIMITATIONS

The General Manager will not cause nor allow any practice, activity, decision or organizational circumstance that is either unlawful, imprudent, or in violation of commonly accepted business and professional ethics, or that violates our cooperative values and principles.

POLICY B.1: STAFF TREATMENT AND COMPENSATION

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

The General Manager 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 General Manager's own compensation and benefits, except as his or her benefits are consistent with a package for all other employees.

POLICY B.2: FINANCIAL PLANNING

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 General Manager 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 Policy B.3."
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. Provide less for prerogatives or initiatives set forth by the board.
4. Are not updated annually.

The General Manager shall not fail to review the budget with the Board prior to April 30.

POLICY B.3: FINANCIAL CONDITION and ACTIVITIES

With respect to operating the cooperative in a sound and prudent manner, the General Manager may not jeopardize the long-term financial health of the cooperative. 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 General Manager will not:

1. Allow sales to decline or be stagnant where we believe the market has potential for growth.
2. Allow operations to generate a net income inadequate to meet the expected needs of the Co-op in the current fiscal year and to provide long-term support for its Ends.

3. Allow liquidity, or 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 contract, 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 GAAP.

POLICY B.4: ASSET PROTECTION

The General Manager will not cause or allow the cooperative's assets to be unprotected, inadequately maintained, or unnecessarily risked.

Accordingly, the General Manager will not:

1. Allow equipment and facilities to be inadequately insured or otherwise be 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.
5. Allow improper usage of members' and customers' personal information.
6. Allow uncontrolled purchasing or purchasing subject to conflicts of interest.
7. Allow lack of due diligence in contracts.
8. Allow damage to the Cooperative's public image.
9. Make capital expenditures, sell capital assets or enter into leases not included in the budget exceeding \$25,000 in value without Board approval. If an emergency situation requires an unplanned purchase of assets above the said amount, the General Manager will report it at the next regularly scheduled Board meeting.

POLICY B.5: COMMUNICATION AND COUNSEL TO THE BOARD

With respect to providing information and counsel to the Board, the General Manager may not cause or allow the Board to be uninformed or misinformed.

Accordingly, the General Manager may not fail to:

1. Make the Board aware of relevant trends, public events of the organization, or internal and external changes that affect the assumptions upon which Board policy has previously been submitted.
2. Provide accurate, timely and understandable monitoring reports and related data.
3. Report actual or anticipated non-compliance with Ends or Executive Limitations policies.
4. Advise the board if, in the General Manager's opinion, the board or one of its members is not in compliance with the board's policies on Board process or Board/General Manager Relationship.

POLICY B.6: EMERGENCY MANAGEMENT SUCCESSION

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

To ensure this, the General Manager will not fail to:

1. Maintain an updated emergency succession plan and notify the board of any changes to the plan.

POLICY B.7: CUSTOMER SERVICE AND VALUE

The General Manager will not fail to offer good value in our products and services.

Accordingly, s/he may not fail to:

1. Provide high quality products as inexpensively as possible.
2. Provide education and information concerning nutrition and agricultural practices with the aim of supporting alternative patterns of production, consumption and use.
3. Ensure that all merchandising and marketing practices be honest.
4. Provide a safe and pleasant shopping experience for our customers.
5. Establish and operate a system for soliciting and considering customer opinion regarding preferences, product requests, complaints and suggestions.

POLICY B.8: MEMBERSHIP

In order to promote a vital membership program that builds a sense of ownership and invites participation among members, the general manager will not:

1. Fail to ensure maintenance of accurate and current member records including name, addresses, equity payments and eligibility for benefits and voting.
2. Allow unauthorized use of membership information.
3. Change the membership equity requirement.
4. Fail to provide benefits exclusive and meaningful to members.
5. Fail to provide opportunities for members to participate in the cooperative.
6. Fail to make adequate membership information and application materials readily available.
7. Fail to publish a quarterly newsletter.

POLICY B.9: BOARD LOGISTICAL SUPPORT

In order to support the board in fulfilling its duties and responsibilities, the GM shall not fail to:

1. Provide adequate information and notice to members concerning Board actions, meetings, elections, activities and events, as directed b the Board.
2. Maintain an updated and current copy of the Board Policy Register and Bylaws at the same store location and on-line for viewing by Coop members.
3. Provide support for board meetings, retreats, member/annual or special meetings:
 - a. Arrange for a meeting location sufficient to comfortably and safely accommodate meetings.
 - b. Assist the Board in procuring a volunteer scribe from the membership.
4. Assure that all official board records are safely archived for a period consistent with legal requirements.

POLICY C: BOARD-GENERAL MANAGER RELATIONSHIP

The Board's official connection to the operational aspects of the Cooperative, its achievements, conduct, and staff will be through the General Manager.

POLICY C.1: UNITY OF CONTROL

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 C.2: ACCOUNTABILITY OF THE MANAGER

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 C.3: DELEGATION TO THE MANAGER

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

1. As long as the GM uses any reasonable interpretation of the Board's Ends and Executive Limitations policies, the GM is authorized to establish all further policies, practices and plans for the cooperative.
2. The Board will respect and 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.

POLICY C.4: MONITORING MANAGER PERFORMANCE

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

1. 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.
2. 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.
3. The GM is compliant with a policy if he/she presents a reasonable interpretation and adequate data that demonstrate accomplishment of that interpretation.
4. 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.

5. Within 3 months after each anniversary of the General Manager's start date, the Board will perform an evaluation of the General Manager, based on a summary of monitoring reports received during the 12 months leading up to that anniversary. The Board will also complete the GM compensation review process and make its decisions concerning compensation within these same 3 months.

POLICY D: BOARD PROCESS

The Board of Directors act as trustees on behalf of the members' ownership interest in the Cooperative and shall assure that the purpose, mission and principles of the Cooperative are properly carried out on behalf of the membership. The Board has fiduciary and legal responsibility to the members.

POLICY D.1: GOVERNING STYLE

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 and bylaws.

POLICY D.2: THE BOARD'S JOB

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 C. 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. Monitor operational performance in the areas of Ends and Executive Limitations, and Board performance in the areas of Board Process and Board-Management Relationship.
5. Perpetuate the Board's leadership capacity using ongoing education, training and recruitment.

POLICY D.3: AGENDA PLANNING

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

1. Our annual governance cycle will run from *January 1* to *December 31*. We will create, and modify as necessary, an annual calendar that includes the items mentioned in this policy, membership meetings, Board training schedule, monitoring schedule, and the GM evaluation and compensation decisions as outlined in our Board-Management Relationship policies.
2. Throughout the year, we will attend to consent agenda items as expeditiously as possible. 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.
3. When possible, announcement of the executive session should be on the published agenda.

POLICY D.4: BOARD MEETINGS

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.
3. We will use Robert's Rules of Order.
4. The meeting agenda will be determined by the Board chair, and may be modified at the meeting by a majority vote of the Board.

POLICY D.5: DIRECTOR'S CODE OF CONDUCT

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

1. Every director is responsible at all times for acting in good faith, in a manner which she/he reasonably believes to be in the best interests of the Cooperative, and with such care as an ordinarily prudent person in a like position would use under similar circumstances.
2. Directors must demonstrate unconflicted loyalty to the interests of the Cooperative's owners. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups, membership on other Boards or staffs, and the personal interest of any director acting as an individual consumer or member.
 - 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.
 - d. Any director who is also a paid employee has the same duties and responsibilities as any other director, and has the additional duty of clearly segregating staff and Board responsibilities. Any director who is also a paid employee will resign from the Board if and when their employment ends.
3. Directors may not attempt to exercise individual authority over the organization.
 - a. When interacting with the GM or employees, directors must carefully and openly recognize their lack of authority.
 - b. When interacting with the public, the press, or other entities, directors must recognize the same limitation and the inability of any director to speak for the Board except to repeat explicitly stated Board decisions.
4. Directors will respect the confidentiality appropriate to issues of a sensitive nature and must continue to honor confidentiality after leaving Board service.
5. Directors will prepare for and attend all Board meetings and trainings.
6. Directors will support the legitimacy and authority of the Board's decision on any matter, irrespective of the director's personal position on the issue.
7. Any director who does not follow the code of conduct policy shall resign from the Board if requested to do so by a 2/3 majority vote of the remaining Board.

POLICY D.6: OFFICER'S ROLE

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 responsibilities, as outlined in the bylaws, but will remain accountable for seeing these responsibilities carried out.
3. The chair ensures the Board acts consistently with Board policies.
 - a. The chair is authorized to use any reasonable interpretation of the provisions in the Board Process and Board-Management Relationship policies.
 - b. The chair will chair and set the agenda for Board meetings in collaboration with the General Manager.
 - c. The chair plans for leadership (officer) perpetuation.
 - d. The chair may represent the Board to outside parties.
4. The vice-chair will perform the duties of the chair in her/his absence.

5. The treasurer will lead the Board's process for creating and monitoring the Board's (not the Cooperative's) budget in addition to all responsibilities outlined in bylaws.
6. The secretary will:
 - a. Make sure the Board's documents are accurate, up to date, and appropriately maintained in addition to all responsibilities outline in bylaws.
 - b. Provide Board Members with an updated copy of the Policy Register and the Bylaws.
 - c. Ensure that a notice of upcoming Board meetings, including their time and place, is prominently displayed within the store not less than 10 days before each meeting.
 - d. Ensure that a set of Board meeting minutes from the last 12 months is available in a prominent store location.
 - e. Prepare and provide a copy of the Board-meeting packet to all Board members.

POLICY D.7: BOARD COMMITTEE PRINCIPLES

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

1. Committees will reinforce and support the wholeness of the Board.
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.

POLICY D.8: GOVERNANCE INVESTMENT

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 liberally to orient new directors and candidates for membership, as well as to maintain and increase existing directors' skills and understanding.
 - b. We will arrange outside 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 October 1.

POLICY E. CO-OP EXPANSION

POLICY E.1: ROLES AND RESPONSIBILITIES OF GENERAL MANAGER AND BOARD

1. **General Manager's Role.** This expansion policy will be implemented by the General Manager consistent with the limitations stated in this policy. Key decisions in implementing this policy are subject to the approval of the Board as specifically noted.
2. **Board of Directors' Role.** The Board's role with respect to the expansion policy will include:
 - a. Facilitating communication with WFC members to: solicit members' ideas; provide information on expansion decisions; build member commitment to the project; and report monthly to members on progress of the project (which may be accomplished via board meeting minutes).
 - b. Taking the lead in fundraising for the project.
 - c. Approving key expansion decisions of the General Manager as stated in this policy.

POLICY E.2: GENERAL LIMITATIONS

1. **Sources and Uses Budget.** The General Manager will prepare a sources and uses budget and modify the existing store operating budget accordingly to isolate project related expenses. The sources and uses budget will be submitted to the Board for approval. The General Manager must advise the Board of any modifications to the approved sources and uses budget during monthly reports to the Board.
2. **Financing and Property Transactions.** Any financing package, lease, or other encumbrance of WFC property associated with the project, is subject to advance approval by the Board.
3. **Construction Contingency.** The General Manager will budget for a construction contingency of at least 10% of the total estimated project cost.
4. **Financially Prudent Management.** The General Manager will manage the use of owner financing, loans from financial institutions and other sources, vendor credit, equipment leasing and landlord financing in a combination that is most financially prudent in the long term, including considerations of cost of financing, cost of obtaining financing, and tax implications. Financing agreements will not include any terms that give undue control or decision-making to outside parties.

POLICY E.3: FINANCIAL LIMITATIONS: RATIOS AND PROFIT PROJECTIONS

The General Manager will not pursue expansion options that expose the Cooperative to undue financial risk nor imperil its future operations. In order to avoid undue financial risk, the General Manager will ensure that any future expansion positions the finances of the Cooperative within the financial ratios and profit projections as defined below. [Numbers to be determined.] In calculating these ratios, the General Manager will employ generally accepted accounting principles (GAAP).

1. **Current Ratio.** Current assets divided by current liabilities, shall not be less than _____ in the first year of an expanded operation, _____ in the second year, and _____ in the third.
2. **Debt to Equity Ratio.** Total debt divided by total equity, shall be not more than _____ in the first year of an expanded operation, _____ in the second year, and _____ in the third.
3. **Debt Coverage Ratio.** Net positive cash flow from operations (that is, net income plus depreciation and other non-cash charges) divided by fixed principal and interest payments, should not be less than _____ in the first year, _____ in the second, and _____ in the third.

POLICY E.4: STORE SIZE AND DESIGN

The General Manager will ensure that the store design meets the following requirements. The General Manager will report each month to the Board on any major changes in the planning and development of the store design.

1. The General Manager will submit a plan of the store design for Board review. The store design will take into account member and shopper preferences for products and services to be offered and the ambience of the store.
2. The project will use environmentally friendly and energy efficient design, materials, and technologies to the extent feasible and prudent within the overall project budget.

POLICY E.5: PROJECT TIMELINE

The General Manager will plan for a smooth transition from current operations to expanded operations.

1. The General Manager will provide an overall timeline for project implementation to the Board for approval with the sources and uses budget. The timeline will include key decision points requiring Board approval. The General Manager must advise the Board of any modifications of the approved project timeline.

POLICY E.6: REPORTING

The General Manager will update the Board monthly on the progress of project implementation and provide a comprehensive report on the status of the project at least quarterly.