

Medford Food Co-op Board of Directors Introduction to Policy Governance

The Medford Food Co-op is owned by its community owner-members who purchased a share of stock. Owners elect a board of directors from among the owners. The board of directors carries out the mission and vision of the cooperative with a focus on its long-term direction. The board hires the general manager (GM) to develop and implement business operations commensurate with the co-op's mission and vision. GM is responsible for following policies established by the board governing management and operation of the coop.

The board uses a system of governance called policy governance. Policy governance differentiates and defines the roles and responsibilities of the board and the GM. Policy governance is a system to organize the work of the board, as well as for the top leadership team of the co-op. It is a system for the board and GM to collaboratively function together. You may not be familiar with this system even if you have experience serving on a board. To understand the policy governance system, the place to start is the ten fundamental policies that define the system:

1. Ownership
2. Governance Position
3. Board Holism
4. Ends Policies
5. Board Means Policies
6. Executive Limitations Policies
7. Policy Sizes
8. Board/GM Relationship Policies
9. Any Reasonable Interpretation
10. Monitoring

Ownership – The co-op exists because we have owners, and it exists to create a benefit and value on behalf of the owners. Owners authorize the board to act on its behalf.

Governance Position – With the ownership above it and operational matters below it, the board forms a distinct link or position in the chain of command. Through this chain of accountability (Owners>Board>GM>Operations) benefits are produced and owner needs are met.

Board Holism - Board members do not have individual authority to act. They make decisions and speak only as a group and with one voice. If a decision has the potential to be contentious, a board needs a good process of deliberation for people to air their voices productively. Once a decision has been made, board members should not undermine that decision.

Ends Policies – The co-op exists to create a difference in the world, to provide a benefit and value on behalf of the owners. Ends describe this in three parts: desired outcomes, recipients of the desired outcomes, and relative cost. Examples of end statements might include: educating the community about organic and natural foods, feeding the homeless, or developing sustainability practices.

Board Means Policies – These policies describe the expectations the board has for itself and its work. To function well, a board needs a shared purpose and set of expectations for how it operates as a board, such as attendance, number of meetings acceptable to miss, ground rules for running meetings, board ethics, conflicts of interest, and a defined group process.

Executive Limitations Policies – Limitation policies limit the authority of the GM as he or she goes about accomplishing the Ends. Limitation policies are boundaries and free the GM and management team to be creative and innovative rather than feeling micromanaged by the board.

Policy Sizes – The board's decisions, written down as policies, are organized using a broad to specific concept. The “global” policy for each type of policy is the broadest expectation. Sub-policies can be added to step down to more specific levels.

Board/GM Relationship Policies – These policies describe the relationship between the board and its delegate, the GM. The board's sole official connection to the operations of the cooperative is through the GM. The store's management team and employees are accountable to the GM, not to the board of directors, and not to individual board members.

Any Reasonable Interpretation – The board agrees that it is willing to accept any reasonable interpretation of its policies. As a result, those granted authority by the board (the GM and board president, for example) may assume their responsibilities knowing that all related actions, decisions, and circumstances will be judged based on reasonableness.

Monitoring – The monitoring principle closes the accountability loop by requiring a response that demonstrates that the expectations expressed in the policies have been met.

By definition, a Policy Governance Register is a living document; policies are reconsidered and updated continually. If you would like to see the most recent version of Medford Food Co-op's Policy Register, please contact General Manager Anne Carter at 541-779-2667.