



POLICY REGISTER

BRIARPATCH COOPERATIVE OF NEVADA COUNTY, INC.

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A. GLOBAL ENDS

Our Vision – End Results

BriarPatch Co-op exists so that owners, customers and other members of our community have:

1. A successful and vibrant cooperatively-owned business that acts as a leader among local businesses and food co-ops nationally, and contributes to environmental stewardship through its business practices.
2. Access to high quality, healthy products, especially local and organic food.
3. A community center where people experience a sense of connectedness, ownership and fellowship.
4. A stronger local food system.
5. A major local employer that provides a healthy, equitable, and considerate workplace for employees.
6. Access to education about food and consumer issues that encourages customers to make healthier food choices.

B. EXECUTIVE LIMITATIONS

GLOBAL EXECUTIVE CONSTRAINT

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.

B-1: Financial Condition and Activities

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 operations to generate net income less than 10% below the annual plan.
2. Allow liquidity, or the ability to meet cash needs in a timely and efficient fashion, to be insufficient.
3. Allow solvency, or the relationship of debt to member/owners' equity, to be insufficient.
4. Incur debt other than trade payables or other reasonable and customary liabilities incurred in the ordinary course of doing business.
5. Provide loans or guarantees for a total amount in excess of \$250,000, more than \$100,000 in total with a maturity longer than one year, or more than \$50,000 to a single entity.
6. Acquire, encumber or dispose of real estate, nor merge with, acquire or dissolve another legal organizational entity.
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 GAAP, or other applicable guidelines.

B-2: Business Planning and Financial Budgeting

The General Manager shall not cause or allow business planning and budgeting, for any Annual Plan or part thereof that deviates materially from the Board's Ends priorities, risk financial jeopardy, or fail to be derived from a multiyear plan.

The GM will not fail to create an annual plan and 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 C-8: Governance Capacity Policy.
6. Do not include staffing and organizational structure to fulfill goals and policies.
7. Shall not fail to present a preliminary annual budget at the Board meeting as requested by the Board.

B-3: Asset Protection

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 and maintained, 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 deposits or investments to be unreasonably risked.
4. Allow inadequate security of premises and property.
5. Allow data, intellectual property, or files to be unprotected from loss, theft, significant damage, or breach of security.
 - a. Allow improper usage of members' and customers' personal information.
6. Allow uncontrolled purchasing or purchasing subject to conflicts of interest.
7. Allow breaches of the gift policy.
8. Allow lack of due diligence in contracts.
9. Allow damage to the Cooperative's public image.

B-4: Membership Rights and Responsibilities

The General Manager will not under-inform or mis-inform members 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 may not be refunded if such a refund would risk, cause or exacerbate non-compliance with any Financial Condition policy.
- 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.
- 3. Implement a board election process that is not in accordance with governing regulations, the co-op's bylaws, board policies and does not
 - a. Allow members to have sufficient opportunities to learn about the election process, candidates, and the work of the board.
 - b. Use a secure balloting and counting system.

B-5: Treatment of Customers

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.

B-6: Staff Management and Compensation

The General Manager must not manage staff in any way that is unfair, unsafe, unclear, or in violation of legal requirements.

The GM must 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 inequitable, or without consideration of local and industry standards.
- 5. Change the GM's own compensation and benefits, except as their benefits are consistent with a package for all other employees.

B-7: Communication to the Board

The General Manager shall not cause or allow the Board to be uninformed, misinformed, or unsupported in its work.

The GM must not

1. Submit monitoring reports that are untimely or inaccurate, or lack the operational definitions and verifiable data directly related to each section of the policy.
2. Fail to Report any actual or anticipated noncompliance with any Board policy along with a plan for reaching compliance and a proposed schedule regarding follow-up reporting.
3. Allow the Board to be unaware of relevant legal actions, media coverage, trends, public events of the Cooperative, or internal and external changes..
4. Withhold their opinion if the GM believes the Board is not in compliance with its own policies on Governance Process and Board-Management Delegation.
5. Deal with the Board in a way that favors or privileges certain directors over others except when responding to officers or committees duly charged by the Board.
6. Fail to supply for the Board's agenda all decisions delegated to the GM required by law, regulation, or contract to be Board-approved.

B-8: Board Logistical Support

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.
5. Allow the Board to be without facilities for official board, officer, or committee meetings.

B-9: Emergency GM Succession

To protect the cooperative from sudden loss of GM services, the GM shall not fail to provide a succession plan that designates not less than one other manager sufficiently

familiar with Board and GM issues and processes to enable them to take over with reasonable proficiency as an interim GM.

C. BOARD PROCESS

GLOBAL GOVERNANCE COMMITMENT

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

C-1: Governing Style

We will govern in a way that emphasizes organizational 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 holism, authority and responsibility
4. Clearly distinguish Board and General Manager roles
5. Encourage diverse viewpoints
6. Obey all relevant laws and bylaws.

C-2: The Board's Job

The role of the Board is to represent our owners, to direct and inspire the cooperative, and to ensure appropriate performance. To govern successfully, we will:

1. Practice, protect, promote, and perpetuate a healthy democracy for our Cooperative.
 - a. We will educate ourselves on diverse needs and perspectives of owners, and report to owners on the Board's activities and decisions.
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.

7. Review the preliminary annual budget plans submitted by the GM.

C-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.
2. We will create, and modify as necessary, an annual calendar that includes the items mentioned in this policy register including but not limited to: membership meetings, Board training schedule, monitoring schedule, and the GM evaluation and compensation decisions as outlined in our Board-Management Relationship policies.
3. We will limit the amount of meeting time taken up by monitoring reports, limiting discussion of the reports to reasonableness unless the reports indicate policy violations, or the policy criteria themselves need review.

C-4: Board Meetings

The purpose of the Board meeting is to get 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 redundancy with work assigned to committees, operational matters and personal concerns.
2. Meetings will be open to the ownership except when closed session is officially called.
 - a. We may occasionally use closed session to deal with matters of a confidential or sensitive matter. When possible, announcement of the closed session should be on the published agenda.
3. We will use a relaxed version of Robert's Rules of Order.
4. The meeting agenda will be determined by the Board president and may be modified at the meeting by a majority vote of the Board.
5. We strive to begin and end meetings on time.

C-5: Directors' 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 they reasonably believes to be in the best interests of the Cooperative, and with such care as a prudent person in a like position would use under similar circumstances.
2. Directors must demonstrate loyalty to the interests of the Cooperative's owners. This accountability supersedes any potential 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.
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 Board meetings and training sessions. If a director misses 3 out of 6 Board meetings, the remaining Board may request the director’s resignation by a majority vote.
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.

C-6: Officers’ Roles

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 duties but remain accountable for their execution.
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 chair and set the agenda for Board meetings.
 - c. The president plans for leadership (officer) perpetuation.
 - d. The president may represent the Board to outside parties.
4. The vice-president will perform the duties of the president in their absence.
5. The treasurer oversees the financial management of the co-op for the purpose of advising the Board of Directors.
6. The secretary will make sure the Board’s documents are accurate, up to date, and appropriately maintained.

Note: Refer to Procedures document for complete Job Descriptions of the four Board Officers.

C-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.
 - a. In particular, committees help the whole Board move forward; 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 by the Board 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.

C-8: Governance Capacity

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 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 may use professional and administrative support.
3. We will review the Board's annual budget as submitted with the Cooperative's preliminary annual budget.

D. BOARD-MANAGEMENT RELATIONSHIP

GLOBAL BOARD-MANAGEMENT CONNECTION

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

D -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 reasonable opinion, may disrupt operations or that require too much staff time or resources.

D-2: Accountability of the GM

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.

D-3: Delegation to the GM

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.

D-4: Monitoring GM Performance

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 they present 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 received from January 1 through December 31, will be completed by March 1. The Board will make its decisions concerning the evaluation and the employment contract no later than April 1.
7. The Board will complete the GM compensation process no later than April 1.

APPENDICES:

Code of Conduct/Conflict of Interest Agreement for Board of Directors

I agree to abide by Board Policy C-5 Director's Code of Conduct – "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."

According to By-Law Article IV, Sections 4.2 ("...shall not have any overriding conflict of interest with the Co-op") and 4.5 ("Standards of conduct. Directors shall be responsible at all times for performing their duties in good faith, in a manner that they believe to be in the best interests of the Co-op, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances."), I have an affirmative duty to disclose my actual and potential conflicts of interests. These are listed below. I understand that I have a duty to disclose any additional conflicts that may arise and to abide by Board policy regarding participation in matters under consideration by the Board.

Note: This form is to be completed by all directors annually, within one month following Board elections. Re-reading of the Policies and By-Laws is recommended.

Signature

Date

Printed Name

GM Job Description

Job Title: General Manager
Department: Administration
Reports To: Board of Directors
FLSA Status: Exempt
Prepared By: BriarPatch Co-op
Prepared Date: March 2012
Salary Level: 8
Job Code: 900

Summary: Responsible for the effective management of all the affairs of BriarPatch Co-op. Responsible to plan, direct and coordinate the programs and activities of the co-op to attain the objectives established by the Board of Directors. Attends conferences, confers with consultants, visits other co-ops, reads related literature to keep abreast of ideas relating to co-op managements, food products, etc.

Essential Duties and Responsibilities: Include the following: Other duties may be assigned.

Within the limits of the articles of incorporation, the bylaws, and the policies established by the Board, the General Manager is responsible for and has the authority to accomplish the duties listed below. The Board may assign other tasks as deemed necessary. They may delegate portions of their responsibilities consistent with sound operations and authorized policies and procedures, together with proportionate authority for their fulfillment, but they may not delegate nor relinquish any portion of their accountability for results.

Planning –

- Coordinate preparation of annual business plan with operating, capital and cash budgets for Board approval.
- Participate with Board in development of long-range plans;
- With Board President, set Board meeting agendas;
- Set measurable objectives for all departments, and review department reports with managers periodically;
- Plan and implement changes in store layout to enhance sales and staff efficiency;
- Participate in regional and national co-op and industry organizations;
- Keep current on cooperative philosophy, natural food products, competitors' prices, and business trends in the natural foods industry;
- Provide the Board with forecasts and plans as necessary to assure that all cooperative operations are equipped to meet members' needs;
- Advise and assist the Board in formulating whatever objectives and policies are required for effective management of the cooperative.

Finance –

- Report monthly to Board on financial performance of co-op;
- Prepare annual operating budget for Board approval;

- Monitor deviations from budget, take corrective action and report to Board on actions taken;
- Approve capital expenditures within budget.
- Submit requests to Board for emergency and/or unbudgeted expenditures;
- Make recommendations to Board on sale of assets over \$7,500.00.
- Obtain financing as directed by the Board.
- Represent the co-op in negotiating loans and contracts.

Operations –

- Ensure compliance with all applicable laws including but not limited to business licenses, permits, health regulations, labor laws, etc.
- Ensure prompt, friendly, knowledgeable customer service from staff;
- Interpret and administer policies established by the Board, and issues instructions about such policies to employees to assure uniform interpretation;
- Ensure adequate insurance for co-op, and maintain security of building, equipment, inventory, staff and customers;
- Ensure cleanliness, safety and maintenance of co-op's physical plant;
- Oversee all expansion, remodeling and major repair and maintenance projects;
- Keep the Board regularly informed of the progress and results of cooperative operations for conformity with established objectives, budgets, and policies.

Marketing and Member Services –

- Develop marketing plan for inclusion in annual business plan;
- Oversee advertising programs;
- Work with Board and staff to implement and maintain capital share program;
- Make presentations at membership meetings and write General Manager report for newsletters to keep members informed of the affairs of the cooperative;
- Oversee working members' work credit program;
- Coordinate promotions and special events;
- Oversee Merchandising Policy to ensure coherent in-store image;
- Maintain and enhance the co-op's relationship with the community.

Human Resources –

- Directs and generally supervises immediate subordinates in the performance of their assigned duties; renders advise, assistance and guidance to subordinates;
- Ensures development of cost-effective and legal personnel policies and practices;
- Hires staff and conducts evaluations based on written job descriptions and performance standards;
- Maintains familiarity with staff's job descriptions and updates as needed;
- Takes disciplinary action as needed following established policies;
- Plans for staff development to retain and promote qualified employees;
- Ensures orientation and on-the-job training;
- Creates and coordinates staff schedules and payroll;

- Approves pay increases for employees;
- Regularly conducts staff/management meetings.

Responsibilities to Safety:

- Protect the safety of self, co-worker's, and BriarPatch Co-op patrons at all times.
- Report any potentially harmful equipment or situations to the immediate supervisor without delay.
- Report safety-related accidents and incidents at once to supervisor.
- Follow all company and safety policies and procedures.
- Operate equipment in a safe manner that will not lead to injury of self or others.

Supervisory Responsibilities: Responsible to supervise administrative assistant, managers and overall supervision of BriarPatch employees.

Qualifications: To perform this job successfully, an individual must be able to perform each essential duty satisfactorily. The requirements listed below are representative of the knowledge, skill, and/or ability required. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

Education and/or Experience: High school diploma or GED certificate required. Prefer Bachelor's degree or Associates degree. Requires at least one year of management in a natural food store. Must have ability to read financial statements, or at least firm grasp of margin and pricing. Demonstrated ability to follow through on commitments. Knowledge of current trends in natural foods industry. Must have strong communication skills including clear directions and excellent listening.

Language Skills:

- Ability to read and interpret documents such as safety rules, operating and maintenance instructions, and procedure manuals.
- Ability to write board-level reports and correspondence.
- Ability to speak effectively before groups of customers or employees.

Mathematical Skills:

- Ability to add, subtract, multiply and divide in all units of measure, using whole numbers, common fractions, and decimals.
- Ability to compute rate, ratio and percent.

Reasoning Ability:

- Ability to solve practical and complex problems and deal with a variety of concrete variables in situations
- Ability to interpret a variety of instructions furnished in written, oral, diagram, or electronic form.

Computer Skills: An individual should have knowledge of:

- Internet software
- Inventory software

- Order processing systems
- Spreadsheet software
- Word Processing software

Physical Demands: The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

While performing the duties of this job, the employee is regularly required to:

- Stand
- Walk
- Sit
- Use hands and fingers
- Handle or feel
- Reach with hands and arms
- Stoop
- Kneel
- Crouch or crawl
- Talk or hear
- Taste or smell
- Be regularly exposed to natural oils, chemicals and odors/fragrances, including perfumes, colognes and scented lotions

The employee must regularly lift and/or move up to 50 pounds safely.

Work Environment:

The work environment characteristics described here are representative of those an employee encounters while performing the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

While performing the duties of this job, the employee is regularly exposed to a moderate to high level of noise and changes in temperature.

POLICY GOVERNANCE® SOURCE DOCUMENT

Why a Source Document?

A “source” is a point of origin. A source document is a “fundamental document or record on which subsequent writings, compositions, opinions, beliefs, or practices are based.” (Websters)

Without a simply expressed clear point of source, interpretations, opinions, writings and implementations may intentionally or unintentionally diverge from the originating intent and ultimately be undifferentiated. The point of source (“authoritative source”) is John Carver, the creator of Policy Governance, with Miriam Carver his fellow master teacher.

Without a simply expressed clear source document, Policy Governance is not reliably grounded and not transferable as a paradigm of governance. It is left vulnerable to interpretation, adaptation and impotence. This document has been produced by the International Policy Governance Association and approved by John and Miriam Carver as being true to source.

What Policy Governance is NOT!

1. Policy Governance is not a specific Board structure. It does not dictate Board size, specific officers, or require a CEO. While it gives rise to principles for committees, it does not prohibit committees nor require specific committees.
2. Policy Governance is not a set of individual “best practices” or tips for piecemeal improvement.
3. Policy Governance does not dictate what a Board should do or say about group dynamics, methods of needs assessment, basic problem solving, fund raising, managing change.
4. Policy Governance does not limit human interaction or stifle collective or individual thinking.

What Policy Governance IS!

Policy Governance is a comprehensive set of integrated principles that, when consistently applied, allows governing Boards to realize owner-accountable organizations.

Starting with recognition of the fundamental reasons that Boards exist and the nature of Board authority, Policy Governance integrates a number of unique principles designed to enable accountable Board leadership.

Principles of Policy Governance

1. **Ownership:** The Board connects its authority and accountability to those who morally if not legally own the organization—if such a class exists beyond the Board itself—seeing its task as servant-leader to and for that group. “Owners,” as used in the Policy Governance model, are not all stakeholders, but only those who stand in a position corresponding to shareholders in an equity corporation.
2. **Governance Position:** With the ownership above it and operational matters below it, governance forms a distinct link in the chain of command or moral authority. Its role is commander, not advisor. It exists to exercise that authority and properly empower others rather than to be management’s consultant, ornament, or adversary. The Board—not the staff—bears full and direct responsibility for the process and products of governance, just as it bears accountability for any authority and performance expectations delegated to others.
3. **Board Holism:** The Board makes authoritative decisions directed toward management and toward itself, its individual members, and committees only as a total group. That is, the Board’s authority is a group authority rather than a summation of individual authorities.
4. **Ends Policies:** The Board defines in writing the (a) results, changes, or benefits that should come about for specified (b) recipients, beneficiaries, or otherwise defined impacted groups, and (c) at what cost or relative priority for the various benefits or various beneficiaries. These are not all the possible “side benefits” that may occur, but those that form the purpose of the organization, the achievement of which constitutes organizational success. Policy documents containing solely these decisions are categorized as “Ends” in describing the Policy Governance model, but can be called by whatever name a Board chooses, as long as the concept is strictly preserved.
5. **Board Means Policies:** The Board defines in writing those behaviors, values-added, practices, disciplines, and conduct of the Board itself and of the Board’s delegation/accountability relationship with its own subcomponents and with the executive part of the organization. Because these are non-ends decisions, they are called “Board means” to distinguish them from ends and staff means. In describing the Policy Governance model, documents containing solely these decisions are categorized as Governance Process and Board-Management Delegation, but can be called by whatever name a Board chooses, as long as the concept is strictly preserved.
6. **Executive Limitations Policies:** The Board makes decisions with respect to its staff’s means decisions and actions only in a proscriptive way in order simultaneously (a) to avoid prescribing means and (b) to put off limits those means that would be unacceptable even if they work. Policy documents containing solely these decisions are categorized as “Executive Limitations” in describing the Policy Governance model, but can be called by whatever name a Board chooses, as long as the concept is strictly preserved.

7. **Policy “Sizes”:** The Board’s decisions in Ends, Governance Process, Board-Management Delegation, and Executive Limitations are made beginning at the broadest, most inclusive level and, if necessary, continuing into more detailed levels that narrow the interpretative range of higher levels, one articulated level at a time. These documents—which replace or obviate Board expressions of mission, vision, philosophy, values, strategy, and budget—are called policies in describing the Policy Governance model, but can be called by whatever name a Board chooses, as long as the concept is strictly preserved.
8. **Delegation to Management:** If the Board chooses to delegate to management through a chief executive officer, it honors the exclusive authority/accountability of that role as the sole connector between governance and management.
9. **Any Reasonable Interpretation:** In delegating further decisions—beyond the ones recorded in Board policies—the Board grants the delegatee the right to use any reasonable interpretation of those policies. In the case of Ends and Executive Limitations when a CEO exists, that delegatee is the CEO. In the case of Governance Process and Board-Management Delegation, that delegatee is the CGO (chief governance officer) except when the Board has explicitly designated another Board member or Board committee.
10. **Monitoring:** The Board monitors organizational performance through fair but systematic assessment of whether a reasonable interpretation of its Ends policies is being achieved and a reasonable interpretation of its Executive Limitations policies is being avoided. If there is a CEO, this constitutes the CEO's evaluation.

All other practices, documents, and disciplines must be consistent with the above principles. For example, if an outside authority demands Board actions inconsistent with Policy Governance, the Board creatively uses the consent agenda or other device to be lawful without compromising governance.

Policy Governance is a precision system that promises excellence in governance only if used with precision. These governance principles form a seamless paradigm or model. As with a clock, removing one wheel may not spoil its looks but will seriously damage its ability to tell time. So in Policy Governance, all the above pieces must be in place for Policy Governance to be effective. When all brought into play, they allow for a governing Board to realize owner accountability. When they are not used completely, true owner accountability is not available.

Policy Governance Boards live these principles in everything they are, do and say.

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