

# BOARD CANDIDATE

Informational Packet  
&  
Nomination Materials

**76<sup>th</sup> Board of Directors  
Nominating Committee**  
Dale Shriver, Committee Chair  
Kay Litten, Board President  
John Boutin, Board Member  
Margaret Drye, Board Member

**Hanover Consumer Cooperative Society, Inc.**  
PO Box 633  
45 South Park Street  
Hanover, New Hampshire 03755  
[nominations@coopfoodstore.com](mailto:nominations@coopfoodstore.com)



**Hanover Consumer Cooperative Society, Inc.**

## Table of Contents

Welcome and Thank You! .....	3
The Co-op Vision.....	4
2010 President’s Report.....	5
2010 General Manager’s Report.....	7
Sample Meeting Agenda.....	11
Sample Board Calendar .....	12
Policy Governance Model.....	13
Hanover Co-op Policy Governance Excerpts .....	14
Nomination Materials .....	18

### **76<sup>th</sup> Board of Directors** (by term expiration)

#### **2012**

Donald Kreis (currently serving 3rd term)  
Janet Saint Germain (currently serving 1st term)  
Corrie Wolosin (currently serving 1st term)

#### **2013**

John Boutin (currently serving 1st term)  
Margaret Drye (currently serving 3rd term)  
Martha Graber (currently serving 1st term,  
interim)

#### **2014**

Tricia Groff (currently serving 2nd term)  
Kay Litten (currently serving 3rd term)  
Dale Shriver (currently serving 1st term)

### **Board Officers**

President, Kay Litten  
Vice President, Janet Saint Germain  
Treasurer, Don Kreis  
Secretary, Tricia Groff

### **Board Committees**

Board Nominating Committee  
Dale Shriver, Chair  
Kay Litten  
John Boutin  
Margaret Drye

Hanover Cooperative Community Fund  
Margaret Drye, Chair

Hanover Consumer Cooperative Society Inc.

## Welcome and Thank You!

Dear Fellow Co-op Member,

Thank you for considering seeking election to the Board of Directors of the Hanover Consumer Cooperative Society. Our Co-op is proud to be one of the oldest and largest cooperatives in the National Cooperative Grocers Association. We're a significant economic force in the Upper Valley and one of our community's most admired organizations. In 2010 alone, we exceeded \$70 million in annual sales, and we further expanded the cooperative movement into Vermont. We are a key component of the local agricultural economy and a leader in developing sustainable business practices.

If you have served on boards in the past, you may find that our volunteer Board contributes to our Co-op in a unique way. Collectively, we focus on the vision of the Co-op and do our best to provide strategic leadership to our General Manager, rather than focusing on operational details, individual concerns or preoccupations. Simply said, the HCCS Board is charged with governing, without intruding into the details of the operation. To help us manage this separation of duties, we use a legislative model called *Policy Governance*. Introductory information regarding Policy Governance is included in this packet.

Before submitting your candidacy materials, we highly recommend that you attend at least one board meeting. The HCCS Board meets on the third Wednesday of every month at 5:30pm. Our meetings tend to last between three and four hours and always include a delicious catered meal from the Co-op's Commissary Kitchen. We also hold informal informational sessions throughout the year. Please check the Co-op calendar on our website for dates, times, and locations.

If candidacy for the 2012 election is of interest to you, please submit the information requested at the end of this packet on or before January 10, 2012. The Nominating Committee will select a slate of candidates in February based on the current Board composition, the need for complementary skills, and the need for future Board leadership.

Thank you so much for considering running for the Board! Please contact me if you have any questions.

Yours in service,



Dale Shriver  
Nominating Committee Chair  
Hanover Consumer Cooperative Society  
[nominations@coopfoodstore.com](mailto:nominations@coopfoodstore.com)  
(603)443-0228

## The Co-op Vision

### The Results We Aim to Create in the World

The HCCS Board of Directors define which human needs are to be met, for whom, and at what cost. Written with a long-term perspective, these mission-related policies embody most of the Board's part of long-range planning. Below is our vision, expressed as the "Ends Global" policy:

**The Hanover Consumer Cooperative Society exists to provide cooperative commerce for the greater good of our members and community.**

Because of the Hanover Consumer Cooperative Society:

Seven distinct groups comprise our members and community:

Co-op members

1. The Upper Valley will have a **retail source of food** that is affordable, healthy, grown and/or processed locally to the fullest extent possible.

Local community

2. There will be **economic value returned to the community** via charitable contributions, outreach projects, patronage refunds to member and other avenues.

Non-member customers

3. Customers and staff will be **better educated about food issues** and, as a result, make healthier choices.

Larger cooperative community

4. There will be a **vibrant cooperative sector** in the economy, both nationally and regionally, and a local community educated in the value of cooperative principles and enterprises.

Local suppliers

5. The cooperative's bioregion will have a **vibrant local agricultural community** and that community will, in turn, have a reliable retail market for its products.

Co-op staff and their families

6. There will be a **major source of employment** in the community that provides personal satisfaction to employees, livable wages and financial security for employees and their families.

Past and future generations of Hanover Co-op members

7. There will be a **thriving business organization that protects and restores the environment.**

If you are interested in reading about our performance regarding these "Ends," visit the Co-op website by going to <http://www.coopfoodstore.coop/files/endsreport2010.pdf>.

## 2010 President's Report

By Kay Litten

2010 is a year in which the Hanover Consumer Co-operative Society realized more than \$70 million in sales for the first time ever. However, even as we increased our sales, we encountered more challenges than ever before. Our first triumph was the expansion across the Connecticut River to White River Junction, Vermont, to open a Co-op store in the premises of the former P&C market. We could hardly believe that we managed to open this store a mere six weeks after signing the lease on the property. It took a Village to accomplish this with the town manager, selectpersons, management from the Co-op, state senators and representatives, the staffs at all of our stores, and a host of others to help. It also took endless patience on the part of all as chaos reigned much of the time. We are so fortunate that Cathy Moloney, the former P&C manager in White River Junction, was eager to become a Co-op employee and brought many of her staff with her. Some of those folks remained in White River Junction, some moved to our other stores, and some of our long-term employees chose to work at the latest version of the Hanover Co-op.

Everyone was thrilled with the immediate success of this store and its popularity with both the former P&C customers, many of whom became new Co-op members, and with many long-time Co-op members who have found this latest location more convenient for them. We know that the infrastructure of this store will need more attention in the immediate future, but we are convinced that these investments will enhance this store. Many of them you will not be able to see immediately, but all of them will allow the store to become more efficient and economical. I also know that the opening of this store has increased the dialogues among members, employees, and board members. Everyone wants to know all about the "White River Junction Store and how it's doing!"

At the same time that our revenues hit an all-time high, so did the costs of health insurance (up over \$800,000 in a two year period), transportation, and food inflation. Our employees did not receive a raise, again, in 2010. This caused great consternation for management and board members, to say nothing of the distress for employees and their families. We are expecting to offer staff a discretionary bonus until we can promise another increase in general wages. We believe that it is the staff, at all levels who contribute to our positive place in the community and to the very timely opening and success of our new store. The Co-op does an enormous amount of good in the communities we serve from our support of the Local First Alliance through Vital Communities, our food donations to Willing Hands, donations from various events to benefit the HCCF, and our involvement in the Keep Local Farms movement. Our support of local farmers brings us more local food, whose sources we can trace, for our customers and members.

To this same End, our Annual Meeting on April 20, 2010, focused on Co-operative Connections, reflecting our commitment to our Global End #1: "The Upper Valley will have a retail source of food that is affordable, healthy, grown and/or processed locally to the fullest extent possible." The Food Expo which accompanied this Annual Meeting highlighted the food system and the issues we face concerning the production of our food. Displays featured criteria to think about while choosing food at the Co-op: health/nutrition; supply and distribution; and the environmental, social, and economic impacts of our many choices. Displays encouraged members to become more aware of the Co-op's efforts to support safe food, proper nutrition, and fair trade practices through their selections of food at the Co-op and the impacts of their choices.

Our commitment to the entire cooperative movement across the United States, and especially to three new co-ops opening soon in New Hampshire, is unfailing. We are working more closely than ever with the Upper Valley Food Co-op in White River Junction since we opened a store in their back yard. Staff in both stores send customers to the other store for items they do not carry. Two Hanover Co-op Board

members and Terry Appleby meet quarterly with the Neighboring Food Co-operative Alliance, a group of 25 co-ops in Vermont, New Hampshire, Massachusetts, and Connecticut. Everyone in these groups is determined to enrich the local economies with local products and cooperative efforts.

On a beautiful Saturday in late September the Board of the Hanover Co-op invited members of the Co-op staff, community and business leaders, local producers of food, and local students to join us at Camp Ohana on Lake Fairlee to discuss things cooperative: our Co-op's history, where our Co-op is today, and how we all might envision the work of this Co-op in the next 75 years. The day provided us with so much to think about, from successes we did not even realize we'd achieved to criticisms we'd not considered and testimonials from folks who said they would not be in business without the support and consideration of Co-op management. It was a most rewarding experience leaving the Board enriched and ready to focus on our future.

We hope you value your time spent in and purchases made at the Co-op stores enough to recognize that we have a mission to do good as we are doing well. We have responsibilities to our employees as well as to our members. We know that while many of you consider the patronage refund a small bonus for shopping at the Co-op stores, there are others among you who believe that as Co-op members you are due this refund. You will not be receiving a check in the mail in April. This year all the profits from 2010 have gone to an employee bonus. What the Board is especially concerned for is that the membership understand that if there is \$0.00 to distribute for patronage refunds, this does not mean that the Co-op did nothing for its membership this year. We have opened a new store, a very expensive proposition, especially with employee wages to pay for six weeks when the store was not yet opened. Also, throughout the year and within this very letter I have discussed the various positive initiatives and good works of the Co-op.

Furthermore, our new chief financial officer, Tony Alongi, has opened our eyes to the costs of credit card charges, which in 2010 amounted to over \$900,000 in fees charged to the Co-op for your credit card purchases. This amount would go a long way toward employee raises and patronage refunds. Perhaps we should all reconsider when we take out our credit cards at the Co-op's cash registers. The decision is yours, but we also believe that you should know the cost of this service.

It has been a privilege for me to act as the President of the Co-op for another year. It is an exceptional organization enriching all of us with much more than our daily bread.

Be sure to come to this year's 75th Annual Meeting and Food Expo and the afternoon talk by David Thompson, from England, where co-ops reign supreme. See you at the Richmond School in Hanover on Saturday, April 30, 2011.

## 2010 General Manager's Report

By Terry Appleby

2010 was a busy and eventful year for the Co-op. For the first time in our nearly 75-year history, the Co-op generated more than \$70 million in revenues. The year also saw the organization grow to four stores (and our first in Vermont) when we opened the White River Junction location. We made advances on important environmental goals and on efforts to support our local economy and did lots of good things for our community. However, it all had a cost, and earnings fell as a result.

### A Year of "Firsts"

The big news of the year was certainly the opening of the store in White River Junction. The opportunity for the store came suddenly after the parent company of the P&C store at that location declared bankruptcy and ceased operations early in 2010. Co-op management was approached about an interest in taking over the site, with the knowledge that other entities were also interested. Management did the due diligence and decided that the location was a good opportunity. Several issues led to that conclusion, but the primary ones were that we had a number of members in White River Junction and adjacent areas, the town needed a grocery store, and the former store was profitable at a fairly low level of revenue. The idea for a Co-op Food Store also received strong backing from Hartford town officials. Another key to our decision was the understanding that the Upper Valley Food Co-op was not opposed to our move to town.

Once our projections indicated a Co-op Food Store could succeed in White River Junction, we presented that information to the Co-op's Board of Directors, which endorsed the proposal. We were able to come to agreement with the landlord on the terms of a lease and in little more than six weeks, with the leadership of Director of Operations Tony White, were able to open the store. While we worked on the details of opening the store we also held meetings with community members to hear about their needs and desires for the store. Those meetings helped us to plan and shape the store. To our great good fortune we were able to hire almost every former P&C employee to staff the store, including our fine store manager, Cathy Moloney. Our new employees teamed with existing Co-op staff to clean, repair, and restock the store. Finally, on June 23<sup>rd</sup> we were able to open the doors for the first time.

We have been very gratified with the results produced by the White River Junction store. In less than six months in business the store was able to turn a small profit and is running well ahead of our projections. I can honestly say that the store has exceeded expectations from the first day. It has been well-received by the community, sales have been brisk, and we have expanded our membership at the fastest pace since the opening of the Lebanon store in 1997. White River Junction provides us with a new community to support our philosophy of cooperation and our efforts to provide great food to our growing region.

The growth in sales spurred by the opening of the new store pushed revenues over \$70 million. That ranks the Hanover Co-op as the second largest consumer co-op in the country behind only PCC Natural Markets in Seattle. However, the metropolitan area of Hanover/Lebanon/White River Junction is slightly smaller than the Seattle metro area, so we'll probably have to resign ourselves to being number two for a while longer!

2010 was the second year in a row that the Co-op inaugurated a new store. In 2009 we opened the Co-op Community Market on the Lyme Road in Hanover. The effect of having the Community Market and White River Junction stores is that sales at the Hanover and Lebanon stores were slightly slower than the previous year, as member purchases spread over more locations. The good news is that parking is less of an issue during busy times.

### **A Year of Challenges**

There were also many challenges for Co-op operations last year, the biggest of which was controlling gross profit margins. Gross margin is what the Co-op makes on each item sold after paying for the cost of the product itself. So if we buy a box of cereal from a wholesale company for \$2.00 and sell it for \$2.50 our profit margin is fifty cents. Gross profit dollars— what the Co-op makes on every sale— is the money we use to pay for all our other expenses— rent, electricity, labor, etc. The surplus left after paying all our expenses is our net earnings, and those are divided among taxes owed, patronage refunds, and retained earnings. In 2010 the actual gross profit achieved by the Co-op was significantly less than had been projected, and net earnings fell well below projections, as well. There are several reasons for the drop in margins, not the least of which had to do with the economy, inflation, and pricing. Since the beginning of the recession in 2008, we have seen some pretty big shifts in customer purchasing behavior. Our members and shoppers have been more price-conscious, for example, and are looking for less-expensive alternatives. Added to that is the fact that food inflation is driving our costs up, but we have been trying to hold the line on price increases, putting pressure on profit margins.

Gross profit margins are the result of the interplay of various factors; pricing, inventory control, shrink, and purchasing are some of them. While we had some indications in the first half of the year that margins for two key departments were not at budgeted levels, management did not react immediately because we had years of history in achieving targeted levels. When the indicators persisted, we did the analysis and instituted a plan for bringing them to targeted levels. While those plans have been successful in raising margins, and will help earnings for the future, the damage to 2010 earnings was done.

Expenses in most areas of Co-op operations were kept under control last year, but there have been two major areas of additional costs that also have had negative effects on earnings. The first, and most rapidly rising expense, is the cost of healthcare. Over the past two years we have absorbed almost \$800,000 in additional costs to cover our staff, even at a time when we have shifted some of the burden for coverage to staff for the first time. The second area of increasing cost is credit card processing. Last year the Co-op paid more than \$900,000 in processing fees. This is an area over which management has no control, as it is a function of the use by shoppers and the fees charged by credit card processors. Shopping with credit is a very high percentage of purchasing at the Co-op today, as many consumers use credit as their only means of payment. To put the issue in context, until the mid 1990s the Co-op took only cash or checks and had no credit processing costs. Soon the cost we pay for processing will be over \$1 million per year! We will be doing more work in 2011 to bring the issue to the attention of more members. Our hope is that by educating consumers about the cost of credit card processing they will choose to use alternative forms of payment, if not every time then, at least, for some higher percentage of purchases than currently.

Earnings for the year 2010 were at the lowest level since the construction of the Lebanon store. The lack of net earnings means there will be no patronage refund to return to members this year. The poor profitability picture had other consequences as well. For members who read last year's Annual Report, you may remember that our labor force was reduced by ten percent in 2009 due to declining sales caused by an uncertain economy. I also noted in that report that our staff received no annual wage increase in 2009. 2010 was a better year for the economy as it emerged from a two-year recession, but the recovery, for both the general economy and the Co-op's business, has been slow and difficult. Consequently, for the second consecutive year, the staff saw no general increase in wages.

Because of our cooperative form of business we have a responsibility to strive not only for needs of members but also to work for the sustainable development of our community, including the continued well-being of staff. In 2010 we continued to attend to community concerns in a number of ways that I will mention below. I am mindful, however, that the costs of the good we have done has been unequally dispersed and somewhat to the detriment of staff. This is a situation we expect to rectify in 2011 and have

budgeted increases to take effect during the year. We also made a small payment to staff in the form of a discretionary bonus to make up for some of the earning power lost to inflation over the last two years.

### **Supporting a Local Economy ...**

In 2010 we did accomplish some notable successes in acting on the Cooperative Principle of “Concern for Community.” The Co-op’s Board of Directors has developed a set of policies (called Ends) that guide the organization toward accomplishments that benefit our members and community. One area of direction is to support efforts to create a more vibrant local economy, and we have put much effort there. Over the past several years we have been working to raise awareness of the benefits of our community to a strong local economy. In 2010 those efforts focused on helping the development of the Local First Alliance, a new organization under the program umbrella of Vital Communities that promotes local ownership, local purchasing, and locally focused development. In pursuit of a more vibrant local economy we are joining with other local businesses and individuals to raise awareness of this effort. The benefits of local purchasing were recently made clearer through the release of a study by the Vermont-based Farm to Plate Initiative of the Vermont Sustainable Jobs Fund. The study pointed out that , if consumers shifted buying habits from 5 percent to 10 percent of their food budgets to local sources (or less than \$10 per week) the result would be 1,500 new private sector jobs in the state (and probably would mean the same for New Hampshire, I’ll bet). We are working with the Local First Alliance to help make that happen.

Consciously working to benefit the local economy is not something new to the members of the Hanover Co-op. In fact the minutes of the founding meeting of the Hanover Consumers Club, dated January 6<sup>th</sup> 1936, state that “the policy of the Club would be to deal with local merchants and distributors as far as practicable.” Co-op members continue to do their parts to help the local economy. In 2010 we collectively purchased more than \$8 million in local produce, milk, maple syrup, ice cream, and lots of other things. In 2010 we were able to add local beef, pork, and lamb to our offerings, as well as new bakery goods, cheeses, and a wide variety of specialty products. Each purchase of a local product helps our local economy in multiple ways. Your support of local producers means more dollars are staying in the Upper Valley to enhance the regional economy. Support of our local farms ensures other benefits as well, like helping to ensure there is a working landscape we all value so much. In 2010 we initiated a new program to specifically help struggling dairy farmers. The program, called “Keep Local Farms,” generated \$40,000 last year in funds to benefit area farmers.

Part of our support for local farmers is in helping to make their products affordable to the public, while also covering their cost of production. The primary way we do that is to take reduced profit margins on locally produced goods. In 2010 that reduced margin amounted to almost \$400,000. By taking less margin the Co-op allows farmers to realize the cost of production and sell product at prices competitive with product from outside our region. And it gives Co-op shoppers the freshest product in season.

Another area of work important to our local producers was in the area of new national food safety legislation that passed through congress in the past year. Rosemary Fifield, the Co-op’s Education Director, coordinated efforts by several local small farmers to have a voice in the process. Rosemary headed efforts to communicate the farmers’ message to our representatives in Congress and played an important role in the discussion. Rosemary also coordinated messages to consumers on this important topic.

### **... And Our Fellow Co-ops**

In another area of activity in 2010 we gave assistance to new cooperatives trying to form in our area. Nationally, cooperative development is at its highest level since the early 1970s as consumers look to alternatives that are home-grown and locally controlled. In our region, new consumer co-ops are forming in Keene, Walpole, and Manchester, New Hampshire. We’ve given advice and encouragement to those startup efforts as well as a new co-op in New Haven, Connecticut. We continue to collaborate with the

Littleton Co-op, which is a real success story in the North Country. During the year, Hanover Co-op also hosted managers from Co-op Atlantic in eastern Canada.

### **Sustainability**

In several areas the Co-op's sustainability efforts moved ahead last year, although the addition of the inefficient White River Junction store set back efforts to reduce energy consumption. To address the issue with White River Junction, we replaced some refrigeration units in 2010 and lighting throughout the store. In 2011 we will replace much of the remaining refrigeration which will dramatically improve our environmental impact. On other sustainability issues, we made significant decreases in the amount of materials going to landfills through programs in recycling, composting, and diversion of organic waste for animal consumption. The Sustainability Team, led by coordinator Emily Neuman, also created new standards for cleaning products used at the Co-op.

### **Staff Changes**

2010 was the final year of a long career at the Co-op for Beverly Edson. Bev came to work at the Hanover store the week after graduating from High School in 1964, thinking at the time that the job would tide her over until the fall when she would be off on other adventures. As it turned out she lasted another 46 years. Bev was a loyal and reliable worker for the Co-op who knew hundreds of members by name. She worked for many years in the old BIN building that was demolished in 1994 to increase parking at the store. For the past several years Bev worked in the Bulk Foods department and took orders for the Senior Delivery Program. I'd like to thank Bev publicly for her years of service to our Co-op and members. Thanks, Bev! Your work was much valued and appreciated!

Lastly, 2010 marked the passing of long-time staff members Linda O'Banion and Allan Mooney. Linda worked at the Hanover store as a cashier and, for the past few years as the person who selected orders for the Senior Delivery Program. Even through the long period of her illness, Linda did her best to take care of her senior customers, a job she loved.

Allan Mooney worked as a grocery clerk at the Lebanon store for 8 years. Allan was a dedicated worker and team player. He was also as dependable as the sunrise, having never missed a day of work in his 40 years at various jobs!

Linda and Allan are missed by their many friends and co-workers.

## Sample Meeting Agenda

**AGENDA**  
**Board of Directors Meeting**  
**July 20, 2011**

5:30 p.m., Board Room, Hanover Co-op Food Store

- 5:30 to 5:40 Call to Order, Introduction of Guests, Agenda Review, Board Member Check-in, Minutes of June 22, 2011 Meeting (Consider changes to draft minutes)
- 5:40 to 5:45 Action Items, Misc. Administrative matters (Genie)
- 5:45 to 6:05 **Policy Monitoring**  
EL 5 Treatment of Staff (Terry)  
(vote on compliance/ non-compliance)
- Policy Revision**  
EL 5 Treatment of Staff (Janet)  
(consider adopting the CBLD policy)
- 6:05 to 6:35 Dinner
- 6:35 to 6:55 **Policy Monitoring**  
EL 4 Treatment of Customers (Terry)  
EL 6 Compensation and Benefits (Terry)  
(vote on compliance/ non-compliance)
- 6:55 to 7:10 **Policy Development**  
Hanover and Upper Valley Co-op Policy (Don)  
(Consider adopting the revised policy)
- 7:10 to 7:30 **Discussion**  
NH State Representative Legislative Topics (Margaret)  
(Finalize the priority topics for the August meeting)
- 7:30 to 8:00 GM Compensation (Janet)  
(Introduce a new process)
- 8:00 to 9:00 **Executive Session**  
(to discuss a real estate matter)
- 9:00 to 9:05 Meeting Review, Action Items, Adjournment

## Sample Board Calendar

The Co-op Board follows a calendar to determine what business to conduct. Below is a sample calendar for the first few months of any given year.

### January

Final call for Board Candidates	Nominating Committee
Assign Annual Meeting planning duties	Board
Call for nominees for Nan King Award in Co-op News and in stores	Education Director
Monitor Policy EL 11 –Tobacco	Board

### February

Finalize slate of Board Candidates	Nominating Committee
Candidate statements and photos to <i>Co-op News</i> editor	Nominating Committee
Publish 30-day warning of voting	Education Director
Distribute March <i>Co-op News</i> to all	Education Director
Approve slate of Board Candidates at meeting	Board
Approve Auditor's Report at meeting	Board
Designate recipients of HCCF Funds	Board
Survey for ballot backs (if any) to <i>Co-op News</i> editor	Board
Details of Annual Meeting to <i>Co-op News</i> editor for March issue	Annual Meeting Committee
Monitor Policy EL 2 – Financial Condition and Performance	General Manager

### March

Allen and Nan King Award Nominations due	Board
Choose recipient of Allen and Nan King Award	Board
Board Annual Review of Year due (Annual Report)	Board President or Designee
Treasurer's Report due (Annual Report)	Board Treasurer or CFO
Publish Election Issue/Annual Report	Education Director
Distribute Election Issue/Annual Report to arrive at opening of voting period	Education Director
Monitor Policy – Ends Global	General Manager
Monitor Policy - B-GM 4 – Monitoring GM Performance	Board

### April

Open Voting Period	Board
Annual Meeting within Voting Period	Board
Close Voting Period	Board
Count Ballots	Nominating Committee
Schedule new Board Member Orientation Before May Meeting	Nominating Committee
Announce New Board Members	Education Director
Monitor Policy – GP 2 – Board Deliverables	Board
Monitor Policy - GP 3 – Governance Development	Board
Monitor Policy - GP 4 – Board Members Code of Conduct	Board
Monitor Policy - GP 7 – Monitoring Board Performance	Board

The full (and most up-to-date) calendar can be found online in our Policy Governance Notebook as Appendix 1 and Appendix 2

<http://www.coopfoodstore.coop/content/co-op-ends-statement>

## Policy Governance Model

by John Carver and Miriam Carver

Policy Governance, an integrated board leadership paradigm created by Dr. John Carver, is a groundbreaking model of governance designed to empower boards of directors to fulfill their obligation of accountability for the organizations they govern. As a generic system, it is applicable to the governing body of any enterprise. The model enables the board to focus on the larger issues, to delegate with clarity, to control management's job without meddling, to rigorously evaluate the accomplishment of the organization; to truly lead its organization.

In contrast to the approaches typically used by boards, Policy Governance separates issues of organizational purpose (ENDS) from all other organizational issues (MEANS), placing primary importance on those Ends. Policy Governance boards demand accomplishment of purpose, and only limit the staff's available means to those which do not violate the board's pre-stated standards of prudence and ethics.

The board's own Means are defined in accordance with the roles of the board, its members, the chair and other officers, and any committees the board may need to help it accomplish its job. This includes the necessity to "speak with one voice". Dissent is expressed during the discussion preceding a vote. Once taken, the board's decisions may subsequently be changed, but are never to be undermined. The board's expectations for itself also set out self-imposed rules regarding the delegation of authority to the staff and the method by which board-stated criteria will be used for evaluation. Policy Governance boards delegate with care. There is no confusion about who is responsible to the board or for what board expectations they are responsible. Double delegation (for example, to a board committee as well as to the CEO) is eliminated. Furthermore, boards that decide to utilize a CEO function are able to hold this one position exclusively accountable.

Evaluation, with such carefully stated expectations, is nothing more than seeking an answer to the question, "Have our expectations been met?" The board, having clarified its expectations, can assess performance in that light. This focused approach reduces the mountains of paperwork boards often feel obliged to review. Moreover, those boards which worry that they are only furnished the data management wants to give them find that, in stating their expectations and demanding a relevant and credible accounting of performance, they have effectively taken over control of their major information needs. Their staff no longer has to read their minds.

Policy Governance is a radical and effective change in the way boards conceive of and do their job. It allows greater accountability. Board leadership isn't just rhetoric. It's a reality.

For a comprehensive discussion of Policy Governance, we suggest:

- *Boards That Make A Difference: A New Design for Leadership in Nonprofit and Public Organizations*, by John Carver,
- *Reinventing Your Board: A Step by Step Guide to Implementing Policy Governance*, by John and Miriam Carver,
- *John Carver on Board Leadership: Selected Writings from the Creator of the World's Most Provocative and Systematic Governance Model*, by John Carver, or
- *Corporate Boards That Create Value: Governing Company Performance from the Boardroom*, by John Carver with Caroline Oliver

SOURCE: Carver, J. & Carver, M. (2009). The Policy Governance Model.

Retrieved August 17, 2011, from <http://www.carvergovernance.com/model.htm>.

## Hanover Co-op Policy Governance Excerpts

Below are some policy samples for you to consider. We monitor these policies on a regular basis according to the Board Calendar.

### GP Global – Governance Process Commitment

The purpose of the Board, acting on behalf of the Co-op members, is to set strategic, long-range direction, hire the GM and monitor organizational performance, monitor Board performance, and provide effective leadership using the Policy Governance process.

### GP 1 – Governing Style

The Board will govern with an emphasis on strategic leadership and outward vision. Accordingly,

**GP 1.1:** The Board will be an initiator of policy that:

**GP 1.1.1:** is written,

**GP 1.1.2:** reflects its values and perspectives about ends to be achieved and means to be avoided, and

**GP 1.1.3:** is focused on the long-term effects outside the organization.

**GP 1.2:** The Board will:

**GP 1.2.1:** encourage diverse viewpoints,

**GP 1.2.2:** make collective decisions, and

**GP 1.2.3:** maintain a clear distinction between Board and GM roles.

**GP 1.2.4:** make all significant and important decisions formally by Board vote.

**GP 1.3:** The Board will strive for excellence through:

**GP 1.3.1:** group responsibility,

**GP 1.3.2:** discipline, meaning regular attendance, being prepared for meetings, following policy-making principles, and respecting one another's roles,

**GP 1.3.3:** Board development and orientation, and

**GP 1.3.4:** self-monitoring of the Board's process and performance.

### GP 2 – Board Deliverables

The job of the Board is to represent all Co-op members in determining and demanding appropriate organizational performance.

Accordingly,

**GP 2.1:** The Board will maintain and cultivate the link between the organization and the ownership.

This will assure that:

**GP 2.1.1:** Members are well-informed about the nature of the Cooperative, the activities conducted by the Cooperative, and the results it achieves with respect to its Ends Policies.

**GP 2.1.2:** Members understand the industry of which the Cooperative is a part and can consider the activities of the Cooperative in the context of relevant markets.

**GP 2.1.3:** Members understand the different interests and stakeholders that exist within the Cooperative.

**GP 2.1.4:** The Cooperative continually analyzes changes in its membership and its environment, regularly revisits Ends-related issues in light of such changes, and innovates to meet changing member needs.

**GP 2.2:** The Board will produce written governing policies that, at the broadest levels, address each category of organizational decision:

**Ends:** Organizational products, effects, benefits, outcomes, recipients, and their relative worth (what good for which recipients at what cost).

**Executive Limitations:** Constraints on executive authority that establish the prudence and ethics boundaries within which all executive activity and decisions must take place.

**Governance Process:** Specification of how the Board conceives, carries out, and monitors its own task.

**Board-GM Linkage:** How power is delegated and its proper use monitored; the GM role, authority, and accountability.

**GP 2.3:** The Board will produce assurance of GM performance against Ends and Executive Limitations Policies.

All of the current Policy Governance policies are available online:

<http://www.coopfoodstore.coop/content/co-op-ends-statement>.

### **EL Global – Executive Limitations**

The General Manager (GM) will not cause or allow any organizational practice, activity, decision, or circumstance that is unlawful, imprudent, unethical, or inconsistent with cooperative principles and values.

#### **EL 1 – Planning**

The GM may not cause or allow planning to deviate materially from the Board's Ends priorities or fail to be derived from a strategic long-term plan. Further, without limiting the scope of the foregoing by this enumeration, the GM may not cause or allow plans that:

**EL 1.1:** Omit credible projection of revenues and expenses, separation of capital and operational items, cash flow, and disclosure of planning assumptions.

**EL 1.1.1:** Contain insufficient information to support assumptions.

**EL 1.2:** Are not updated at least annually.

**EL 1.3:** Do not protect the long-term health of the Co-op as described in Financial Conditions policy.

**EL 1.4:** Are planned in isolation or do not provide appropriate support of the Neighboring Cooperatives collaboration.

**EL 1.5:** Do not provide for governance development (as set forth in GP 3).

**EL 1.6:** Leave the Co-op unprepared for loss of key management personnel.

#### **EL 7 – Communication and Counsel to the Board**

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

**EL 7.1:** Submit monitoring data that is untimely, inaccurate, or hard to understand.

**EL 7.2:** Fail to report, or report in an untimely manner, any actual or anticipated noncompliance with any policy of the Board.

**EL7.3:** Allow the Board to be unaware of relevant trends, public events of the Cooperative, or internal and external changes that

**EL 7.3.1:** affect the assumptions upon which Board policy has previously been adopted,

**EL 7.3.2:** are reasonably likely to cause the Board to consider changes to the policy register,

**EL 7.3.3:** concern which employees report directly to the general manager or the job responsibilities of such employees,

**EL 7.3.4:** arise out of contact with, or actions by, government instrumentalities or other institutions that have significant impact on the affairs of the cooperative,

**EL 7.3.5:** affect any current or planned capital projects, or

**EL 7.3.6:** involve matters that members, government authorities or the general public would reasonably expect the Board to be aware of.

**EL 7.4:** Withhold his/her opinion if the GM believes the Board is not in compliance with its own policies on Governance Process and Board-Management Delegation, particularly in the case of Board conduct that is detrimental to the work relationship between the Board and the GM.

Hanover Consumer Cooperative Society Inc.

- EL 7.5:** Deal with the Board in a way that favors or privileges certain Board members over others except when (a) fulfilling individual requests for information or (b) responding to officers or committees duly charged by the Board.
- EL 7.6:** Fail to supply for the Board's agenda all decisions delegated to the GM yet required by law, regulation, or contract to be Board-approved.
- EL 7.7:** Fail to supply direct evidence to the Board on a timely basis that the Cooperative is in compliance with all obligations that may trigger the personal legal liability of Board members.

All of the current Policy Governance policies are available online:  
<http://www.coopfoodstore.coop/content/co-op-ends-statement>.

## Nomination Materials

In order to move forward with the nomination process, please submit the following documentation:

1. Your current Resume or CV
2. Responses to the Board Candidate Questionnaire (PDF or Word)

In addition, we strongly recommend that you attend at least one Board meeting and attend a Board Candidate informational session.

### Board Candidate Questionnaire

Please include the following information in your submission and answer the three questions below:

Full Name:

Mailing Address:

Telephone:

Email:

Co-op Member Number:

1. Why would you like to serve on the Hanover Co-op Board?
2. Describe your professional, volunteer, and community involvement experience that could benefit the Hanover Co-op Board in doing its work.
3. What is your vision for the future of our Co-op?  
What short-term and long-term challenges does your vision help to address?

To be considered for candidacy for the 2012 elections,  
**these materials must be received by January 10, 2012.**

The Board Nominating Committee will begin reviewing your materials as soon as they are received.

The slate of candidates is finalized at the February 2012 regular Board Meeting.

Candidates will be announced shortly thereafter.

Normally, the Nominating Committee seeks to identify a slate of five candidates for three scheduled vacancies.

Please send your materials electronically to [nominations@coopfoodstore.com](mailto:nominations@coopfoodstore.com)