

2016 INTERIM Board Application



The Food Co-op
414 Kearney Street
Port Townsend, WA 98368
(360) 385-2883 Fax: (360) 385-0654
www.foodcoop.coop

Dear Food Co-op Member,

Thank you for your interest in serving on The Food Co-op Board of Directors.

Sometimes owner-members approach us about serving on the Co-op Board but express reservations about making a 3-year commitment or running in a competitive election. Our by-laws allow for the direct appointment of one or more members to serve until the following election (subject to a Board vote). Last year, we appointed two interim Board members because one of our members was leaving the Board early. This worked so well—we obtained two hard working Board members for seven months and one of them chose to run in the Board election this spring—that we decided to do it again. So if you wish to get a “taste” of what it’s like to be shaping the exciting future of the Co-op, this is a chance for you to do that without making a long-term commitment up front!

As a cooperative, The Food Co-op depends on its members for Board leadership and strategic vision. We need members who bring skills and knowledge, but especially crucial to good governance are Board members who can collaborate and cooperate with others while engaging on the issues.

To qualify as a candidate, our bylaws require you to have been an Active Member or a member of the household of an Active Member for at least six months prior to being seated on the Board (that is, on or before April 1, 2016). We strongly encourage you to come to our August 2 and/or September 6 Board meetings at the Annex at 2110 Lawrence Street to get a sense of what Board work entails. Candidates must complete and submit their applications by **September 13, 2016**, to the Member Services Desk of the store, or email the application to the Board Assistant, Rachel Williams, at boardassistant@foodcoop.coop.

The Board Cultivation Committee will review the applications and make recommendations to the Board, which will vote on additional members at the **October** Board meeting. Interim appointments are effective until the next Board election, in May 2017. Appointees who wish to run for a full term will need to submit a candidate application in early March in order to run in the election.

If you have any questions or would like to find out more, please email the Board Assistant, Rachel Williams, at boardassistant@foodcoop.coop.

Cooperatively yours,

Lisa Barclay
Board Cultivation Committee Chair

2016-2017 CALENDAR

2016

- April 1 Must have been a Co-op member by this date to be eligible
- Aug. 2 5:30 p.m. Regular meeting of the Board of Directors
- Sept. 6 5:30 p.m. Regular meeting of the Board of Directors
- Sept. 13 Interim Candidate Applications Due
- Oct. 4 5:30 p.m. Regular meeting of the Board of Directors; Board vote on appointing interim members; new Board Member(s) seated
- Oct. 5-8 Provender Conference in Hood River, OR, for GM and Board
- Nov. 1 5:30 p.m. Regular meeting of Board of Directors
- Nov. 12 9:00 a.m. Board Work Session: Strategic Plan Review & 2016 Board Calendar
- Dec. 6 5:30 p.m. Regular meeting of Board of Directors

2017

- Jan. 3 5:30 p.m. Regular meeting of Board of Directors
- Feb. 7 5:30 p.m. Regular meeting of Board of Directors
- March 1 Candidate Application Deadline for Board Election (estimate - subject to change)
- March 7 5:30 p.m. Regular meeting of Board of Directors
- April 4 5:30 p.m. Regular meeting of Board of Directors
- May 1-14 Board Election Voting Period (estimate - subject to change)
- May 2 5:30 p.m. Regular meeting of Board of Directors
- June 6 5:30 p.m. Regular meeting of Board of Directors; elected members seated

CANDIDATE APPLICATION AND PERSONAL STATEMENT

Name: _____ Co-op Membership Number: _____

Mailing Address: _____

Email Address: _____ Phone: _____

Candidate Questions

1. Your personal statement, including anything you feel is relevant to your candidacy.
2. Why would you like to serve on the Board of Directors?
3. Describe your interests, experience, and expertise that may contribute to the Board's activities.
4. Regularly scheduled Board meetings are set for Tuesdays, usually 5:30 PM to 8:30 PM, on November 1, December 6, January 3, February 7, March 7, April 4, and May 2. Are there any of these meetings that you would not be able to attend?
5. One or more additional Board committee meetings are often scheduled each month. Would you be able to sit on one of our committees and attend additional meetings?
6. We also have occasional day-long work sessions and we attend one or more conferences each year. Would you likely be available? The first is the Provender Conference from the afternoon of October 5 to the morning of October 8. We will also be having a work day on November 12.
7. If your interim appointment is approved by the Board, it will end in May of 2017. You may choose to stand for election to the Board for a three-year term. Candidate applications are due in early March. While a decision to do that is not required from you now, please share with us your thoughts about what factors might influence your decision about running for the Board next spring.

Statement of Agreement

For interim appointment to the Board of Directors, candidates must meet the following requirements:

1. I act with integrity, can think strategically, and work collaboratively.
2. I will find sufficient time to devote to duties as a Board member.
3. I have had a continuous valid membership since April 1, 2016, or earlier.
4. I am committed to cooperation as a viable economic relationship.

The Board of Directors adopted the following policies to clarify our code of conduct and ethics. These and all our other policies have laid a strong foundation for The Food Co-op and the Board of Directors are required to follow and support them. Candidates are asked to read and acknowledge the specific policies below as these policies address our requirements as individual Directors.

Policy C5: 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 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.
 - e. Any director who is also a paid employee may not serve as the Board president or vice president.
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 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 can be removed from the Board by a 2/3 majority vote of the full Board.

As part of my application to run for the Board of Directors of The Food Co-op, I certify that I am in compliance with the above requirements for Board candidacy. I understand that any deliberate or accidental misrepresentation of my compliance may result in my disqualification as a candidate and/or my removal if I am elected. In addition, I acknowledge and understand the Policy C5: Directors' Code of Conduct.

Signature: _____ **Date:** _____

Frequently Asked Questions

What is the Board of Directors and what does it do?

As the representative of our members, The Food Co-op's Board of Directors is an important link between the members and the Co-op. The Board's role is a high-level one: We craft long-range strategies that bring the Co-op into alignment with our stated Mission and Principles. The Board uses a management system called Policy Governance. This system is designed to help the Board focus on the larger policy issues of the organization rather than be involved in day-to-day decisions. We work closely with the General Manager, who implements those strategies in the day-to-day operations of the store. Each month, the GM reports on various aspects of those efforts, keeping the Board informed of how we are moving towards the ends we have established.

What does the Board NOT do?

The Board does not involve itself in operational details. We do not make decisions about what we stock, the specifics of personnel issues, or the layout of the store. The Board governs by declaring, through its policies, the results it wants and the actions it wants the General Manager to avoid while achieving those results.

What are the qualities and abilities that are needed for a Board member?

The Board seeks candidates with constructive and creative leadership skills to contribute sound reasoning and judgment to the Board governance process. A good board has a wide variety of interests and experience. Key attributes are:

- **Integrity**—Zero tolerance for unethical behavior.
- **Collaboration**—Recognize the difference between productively participating in discussions and counter-productively dominating deliberations through the volume or length of comments. Able to work with other members to create workable compromises.
- **Participation**—Speak out and actively participate in Board and committee deliberations.
- **Focus**—Make relevant, informed comments focused on the specific aspect of the issue being considered. Able to stay on topic.
- **Strategic Thinking**—Able to see the big picture and be future oriented.
- **Commitment**—Committed to the success of the Food Co-op and its Mission and Principles.

How much time must I commit?

The Board holds one regular meeting for three to four hours on the first Tuesday of each month. In addition, every Board member must join at least one Board committee, which usually meet monthly. Board members are expected to attend occasional retreats and member meetings and are highly encouraged to attend various board leadership and training opportunities. In all, you can expect to devote at least 15 to 20 hours a month to Board service.

Where are Board meetings held?

The regular Board meeting is held at the Co-op Annex at 2110 Lawrence in late August. Committee meetings and retreats may be at other Port Townsend locations. We strongly encourage all candidates to attend at least two of our Board meetings. Observing our meetings will clarify and demonstrate the Board's governance role and will give you a good idea of what you can expect should you serve.

Frequently Asked Questions continued

What compensation is there for serving?

- Board members receive a \$49 food credit every month of Board service. The president receives a monthly \$200 cash stipend. If your compensation exceeds \$600 in the year, you will receive an IRS form 1099 to report your compensation.
- Board members are entitled to special order/bulk order discounts. Currently the discount is “cost +10%” for food, non-food items, and supplements, except for single-order items from UNFI.
- In addition, you will receive the good feeling of contributing to the success of our democratically run food co-op and you will experience the satisfaction of working with a Board of passionate, skilled leaders.

We strongly encourage all candidates to attend at least two of our Board meetings. Observing our meetings will clarify and demonstrate the Board’s governance role and will give you a good idea of what you can expect should you serve.

You can also dig deeper and read our bylaws, mission and principles, policy register, and strategic plan at (www.foodcoop.coop).

When will elections be held?

The Board will be voting on interim candidates at the November Board meeting. The next annual election will be May 2016.

OK, I’ve decided to run – now what?

It’s time to complete the candidate application process. You will submit a brief personal statement, respond to a list of questions, and provide a photograph. All of the application information is included in this packet.

A Brief History of The Food Co-op

by Janet Welch, February 2015

How much the food world has changed in 42 years! In the 70s, many of the whole foods now considered mainstream—brown rice, whole wheat flour, raw nuts, and cereal grains—were absent from supermarket shelves. The back-to-the-land movement was inspiring people to eat a less processed diet, but they had to be creative to find the foods they wanted. In Port Townsend, they found each other and a few of the healthy foods they wanted in a corner of a locally-owned candle shop!

As interest increased, Frank Killam rented an Uptown storefront for the group to use cooperatively, and in 1972 they incorporated as The Food Co-op. In 1979, using member labor and financing to renovate a bus barn, the store moved a block to the Uptown location where it remained for 21 years.

With the loyal support of owner-members and the volunteer workforce, sales continued to grow, while growing pains caused many rocky times and brought out divergent visions and powerful personalities. Annual meetings were marked by spirited discussions on the merits, or lack thereof, of selling white sugar or meat.

For many years a core group of about 12 people kept the Co-op business organized. Eventually the owner-members decided to pay a few people to co-manage the store. In 1998 the Board of Directors hired a full-time professional manager and decided to grow the business. The Co-op Too, featuring clothing and mercantile, opened adjacent to the main store in the space that is now Sweet Laurette's. Over time, even that expansion didn't resolve the space constraints of the store. Long lines at the two check stands and a culture of "contact shopping" became the norm as organic foods gained in popularity.

At the same time, local activists stopped Rite Aid from locating to the site of the closed bowling alley. The contentious issue became a win for The Food Co-op, creating an opportunity for a larger store. The membership and the management were up to the challenge. In March 2000, members voted to incur the debt that would make relocation possible. Member-owners loaned \$492,500 in low- or no-interest loans and provided sweat equity to renovate the building. It was a huge stretch, financially and functionally—the retail space grew from 1800 to 8000 square feet. What could be done with all the extra space???

In April 2001 a parade of Co-op owner-members and well-wishers set out from the old store to the new, singing and playing music and pushing grocery carts of the remaining inventory to the newest incarnation of this little cooperative grocery store.

By 2002 the surging interest in organic foods and a skilled and nimble staff guided us quickly back into financial stability and carried us through more growing pains. Nationally, though, organic labels were being bought up by multinational corporations, organic standards were being eroded, and organic had become BIG business. The politics of industrial agribusiness had burst through our doors. Compounding this challenge, member-owners who hungered for the shopping intimacy of the old store and the democracy of "the coop culture" again brought divergent visions for the Co-op to the fore.

In 2005 we were given another opportunity when the owner of the Co-op building decided to sell. With the support of the member-owners, who again voted to incur debt, we bought the building for \$1.2 million. Wanting to keep the money in the community, we purchased the mortgage from locally-owned Mariner Bank (later sold to Kitsap Bank).

Annual sales continued to grow as we poised ourselves at the forefront of the local food movement. Rather than fearing competition, The Food Co-op strongly supported the creation of local farmers markets, direct sales by local farmers, and community efforts to preserve small-scale farming.

In 2007 the Board did some administrative housecleaning and gathered input from member-owners to update the 1974 Mission and Principles statements. The world of organic, fair trade, local, and sustainable food production had certainly changed! That year our sales topped \$10 million. Our cash reserve, squirreled away from our steady 1-2% profits over the years, had accumulated to over \$600,000.

The store that once seemed cavernous had again become cramped. Many thought the economic good times were here to stay and building expansion seemed inevitable. Creative solutions—a modular cover over the receiving area and the conversion of a nearby building (the old Video Mart) for management offices—brought some relief for crowded working conditions. The economic meltdown of 2008 also eased the growth pressure as we took a position of belt tightening throughout the organization.

In late 2009 Briar Kolp, the General Manager for the previous 12 years, left for medical reasons. The Board conducted a nationwide search for a new General Manager in late 2010. The following spring Kenna Eaton took the reins of the Coop, bringing her boundless energy and the broad palette of skills she gained in 20 years of managing the Moscow Food Co-op.

The Board then approved two expansions to the store: an expanded cooler, freezer, and work space for the deli and, subsequently, the long-envisioned dining room. Both were financed from savings as we continued to hold onto our healthy cash reserve.

The resurgence of energy and collaborative spirit between the Board and new manager enabled us to complete a process that had faltered many times over the previous years, creating a Strategic Plan for the organization. That document, approved by the Board in December 2012, mostly affirms that the Coop has been doing what we think it should, while expanding our commitments to growing our local food system, positioning ourselves for an uncertain future, and addressing the needs of our membership and staff.

In 2014 the Board initiated the process to allow Patronage Dividends. The advantage to issuing Patronage Dividends (an option available only to cooperatives) is that pre-tax profits can be distributed back to members in proportion to their annual purchases. While our profits are kept low—only 1-2%—the dividends allow moneys to stay in the community and they could be pooled and given to a non-profit a bit like a giant “beans for bags” option. The membership voted overwhelmingly in favor of making the changes to our Articles of Incorporation to allow Patronage Dividends. In 2015 we started keeping the records that are needed to track purchases in the event that the Board decides to issue dividends for 2015.

Since approving the Strategic Plan, the Board and GM have been gearing up to address “the squeeze” in the store, back rooms, and parking area. Unlike daily operational issues, which fall on the shoulders of the GM, this is an area where the Board and GM must be solidly aligned around the Coop's vision, market niche, and overall position in the community. In early 2015 we opened the discussion with the membership about how we might “evolve” our facility. The Board is hopeful that we will be coming back to the membership this year to ask for input on some possible facilities options.

We are well aware that we must consider any facilities changes in the larger context of corporate competition and changes in the food and farming world, and the Board will continue to work hard to enable The Food Co-op to uphold its Mission in the constantly changing future of wholesome food.

The Food Co-op Mission & Principles

Approved by Board Consensus Decision December 7, 2007

Mission Statement

Seeking to uphold the health of our community and world, the Port Townsend Food Co-op, a consumer co-operative, serves our membership by making available reasonably priced whole foods and other basic goods and resources by means of our life-affirming democratic organization.

Principles

The Port Townsend Food Co-op, whose owners voluntarily and consciously co-operate for the common good, acts to create social and economic change and improvement within the larger community.

In the spirit of this cooperative endeavor, we affirm and promote our mission by:

1. providing healthful, environmentally responsible and socially accountable food, products, packaging, nutritional information, and education.
2. functioning as a member-owned cooperative, using a broad-range of opportunities for member volunteerism, participation, and involvement.
3. creating a model for economic, social, and environmental justice, sustainability, democracy, and integrity.
4. generating an engaging workplace through the cultivation of the principles of trust, fairness, transparency, democracy and cooperation.
5. supporting local farmers and the development of regional food production systems and emphasizing seasonal availability of local and regional products.
6. operating in a transparent fashion to engender trust in all aspects of cooperative governance and operations so that member votes, opinions, and concerns are heard and weighted fully.

We affirm the necessity of continuous effort and persistent application of these principles, adding to them the Rochdale Principles of 1844, as revised by the International Co-operative Alliance Congress in 1966 and updated in 1995, to sustain a healthy and viable cooperative and to accomplish our mission.

Rochdale Cooperative Principles

(Originated 1844 and last revised in 1995)

Voluntary and Open Membership

Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

Democratic Member Control

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. People serving as elected representatives are accountable to the membership. In primary co-operatives, members have equal voting rights (one member, one vote) and cooperatives at other levels are organized in a democratic manner.

Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. They usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

Autonomy and Independence

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

Education, Training, and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of cooperation.

Co-operation Among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional, and international structures.

Concern for Community

While focusing on member needs, co-operatives work for the sustainable development of their communities through policies accepted by their members.

Overview of Policy Governance

What is Policy Governance?

Policy Governance is a set of policies that directs the General Manager and the Board to enable them to carry out the Mission of the organization. The policies are written by the Board of Directors and are the mechanism by which the Board governs on behalf of the membership.

There are four different sets of policies, each used for different purposes:

- *Ends Policies*—States specific organizational targets that manifest the Mission of the organization.
- *Limitation Policies*—Define what the GM is not allowed to do.
- *Board Process Policies*—Clarify the responsibilities of the Board.
- *Board–GM Policies*—Clarify the relationship between the Board and the GM.

Why do we use Policy Governance?

The Board, made up of volunteers, is transient by nature. Nevertheless, that disparate group of good-hearted folks must feel competent to oversee a \$13 million business. Furthermore, the Board must do it in a way which empowers the General Manager to make decisions without the chaos that would be created if the manager had seven separate bosses.

Policy Governance is designed to make clear the responsibilities and basic working relationship of the top tier of Management of the Co-op—the Board of Directors and the General Manager.

How Policy Governance Works

Under Policy Governance, the General Manager is the sole employee of the Board. The Board's oversight of the organization must be carried out exclusively through that one person. The Board is responsible for assuring that the organization remains true to its mission and principles, but is not responsible for the day to day operation of the store. Policy Governance assures that those day to day decisions are the sole responsibility of the General Manager.

Policy Governance uses a comprehensive set of policies that have been adopted by the Board to empower the General Manager to make those day to day decisions. The Ends policies define what the long term goals of the Food Co-op are. The limitation policies describe in detail what the General Manager CANNOT do. Other than those limitations, s/he is empowered to make the decisions. This prevents a Board from second-guessing or micro-managing GM decisions.

The Board uses monitoring reports to evaluate the General Manager's performance. The General Manager writes the reports which describe and quantify how s/he is complying with existing Ends and limitation policies. The policies also use external means to monitor the General Manager, such as the CPA audit or review of our finances.

Monitoring reports are also completed by the Board in order to report to the Co-op membership regarding the Board's compliance with Board-GM Relationship policies and Board Process policies.

Principles of Policy Governance

Trust in trusteeship

The Board is not the manager of the Co-op; the Board is holding the Co-op in trust for the membership. Policy Governance provides a tool for empowering the Trustee function, since it makes the expectations of Management very clear. Also, the Board entrusts the daily operations to the General Manager, who also holds the Co-op in trust for the membership.

Board speaks with one voice

The Board is a single unit responsible for the Co-op. This one voice is determined by the Board voting on issues. Individual Board members cannot act unilaterally on behalf of the Board.

Board decisions are primarily policy decisions

The Board is responsible for representing the values of the membership and for empowering the General Manager to do her/his job. By requiring that most Board action be policy oriented, discipline and focus of attention are created.

The advantages of using the Policy Governance™ model are:

- It enables the Board to focus on the future and provide high-level organizational leadership rather than focusing on day-to-day operational issues. (After all, if the Board does not provide this type of leadership, who else could?)
- By deciding on the larger issues about ends and means the Board can maintain meaningful control of the organization while allowing others to decide smaller issues.
- The Board can delegate genuine authority to others without failing in its own accountability. The parameters of delegated authority are clearly established by the Board, allowing for decisive leadership by others.
- Regular assessment of compliance with policy provides a systematic method for evaluating organizational performance because the Board knows what to look for.
- The Board and its subordinates (e.g. its committees, the General Manager) know what is required of them because expectations are clearly articulated. Since the design of jobs has already been decided, the Board can distinguish the proper course of action when confronted by questions without having to spend time defining the nature of governance itself.