



Natural Foods Market
Petoskey, Michigan

Prospective Board Member Handbook

This is an Approved Revision - September 2014

Our Mission: The Grain Train is committed to empowered individuals, vital communities and a healthy planet. As a Natural Foods Cooperative, we are the trusted source in northern Michigan for high quality, local, organic and natural products at a fair value to our membership and community.

Ends Statement: Grain Train Natural Food Cooperative exists so that our community is inspired to make well-informed healthy choices that support both people and planet.

Grain Train Natural Food Cooperative, Inc.

Letter of Introduction to prospective candidates and new Board Members:

Thanks for your interest in serving on the Board of Directors of the Grain Train Natural Food Cooperative! That's a mouthful of a name, but that's what our founders decided upon back in 1972. (Incorporated on April 10, 1975, Members voted to reincorporate at the General Membership Meeting, December 11, 2009) They established this natural food cooperative with the intention of working together to bring high quality organic and natural products to their members at affordable prices. Members and Staff have benefited from the collective work of the Board, willing to carry the cooperative forward into the future.

It's a big decision to run for the Board and a serious commitment on your part. There may be many questions that you'd like answered. Hopefully, this pamphlet will resolve those concerns. Feel free to contact any Board member with unanswered questions. Like many continuing education endeavors, Board members learn their roles steering the cooperative while serving.

Thanks again for your willingness to serve cooperatively.

Sincerely, The Board of Directors

An overview:

Cooperative Values

Basic cooperative values are general norms that cooperators, cooperative leaders and cooperative staff should share; the values should determine their way of thinking and acting. The following list of ten values was proclaimed by the International Cooperative Alliance in 1995.

Self-help, Self-responsibility, Democracy, Equality, Equity, Solidarity, Honesty, Openness, Social Responsibility, and Caring for others.

Cooperative Principles

Voluntary and Open Membership

Cooperatives 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

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

Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members 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 their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

Autonomy and Independence

Cooperatives 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

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

Co-operation among Co-operatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

Concern for Community

Cooperatives work for the sustainable development of their communities through policies approved by their members.

Frequently Asked Questions For Prospective Candidates

Terminology:

Member/Owner – Buying a share into a cooperative is required to become a member, and in doing so, the individual also becomes part owner in the cooperative, sharing in the relative profitability. To simplify our terminology, we'll use the term, Members.

The Grain Train Natural Food Cooperative, Inc. – That is our full legal name, but we may make reference to the co-op, cooperative, or the Grain Train.

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

The Board of Directors is the governing body for the Members of Grain Train. It is composed of seven to nine people- all Members of Grain Train, elected by Members. No directors may be employed by the cooperative, although all directors represent the Membership at large rather than any special subgroup. Terms for directors are three years in length to ensure no more than three terms are scheduled to expire per year.

Appointments to the Board may be made to fill vacated seats with terms that may vary.

The Board is responsible for ensuring organizational performance on behalf of all of Grain Train's Members. This work includes developing clearly stated expectations through written policies; delegating responsibility for, and authority over, the achievement of stated objectives; and monitoring compliance with written policies.

The Board of the Grain Train should be strategic and visionary with its view toward the future of our cooperative, rather than focusing solely on the short-term. The current Board has been intent on three big questions:

- How can Grain Train benefit the community?
- What is the significance of the cooperative economy?
- How can the Grain Train promote the transformation of society?

By devoting time to focus on the big-picture vision of Grain Train, the Board will ensure that we adequately position our organization for the maximum benefit of our Members, as well as anticipate trends and values that may have a critical impact on our relevance and survival.

The Board governs the organization and delegates all operational duties to one employee, the General Manager - GM. The Board is involved in strategic planning, financial oversight, Membership linkage, and community outreach.

What does the Board of Directors NOT do?

Under typical conditions, the Board of Directors does not make decisions about, become involved with, or take part in any of the day-to-day activities or decisions regarding the operation of Grain Train Co-Op. The Board's sole official connection to the operations of the cooperative is through the General Manager.

What are the requirements for running?

Board Member Requirements:

Candidates must be members of Grain Train in good standing.

Have no substantial conflict of interest such as;

Board members may not have close family member(s) working at or for the Grain Train to eliminate personal conflicts of interest.

Individuals having an affiliation with any enterprise that is in competition with the Co-op (See Bylaws, Article 5.1) may not serve on the Board.

Entrepreneurs who have an economic sales relationship with the Grain Train may not serve on the Board.

Candidates must meet with member(s) of the Board for an interview and review of their New Board Candidate Application.

Once elected, Directors must sign the Board Member Statement of Agreement, and the Code of Ethics / Code of Conduct documents.

CBLD 101 held in Mt. Pleasant, Michigan is a *mandatory* orientation session for new candidates that occurs soon after the elections (usually in the month of May), providing basic Board training and giving directors a chance to interact.

Candidates are required to introduce themselves and convey their attributes and interest in running for the Board during the Open Member Forum portion of the Board Agenda during a monthly meeting; third Tuesday of the month held at the Grain Train Offices.

Candidates are required to sit through an entire Board meeting so as to gauge the general activities of being a Board member. (Please refrain from comments during the meeting.)

Candidates are required to fill out their Board Candidate Application detailing their attributes and interest in serving on the Board.

Candidates are required to include a small (approximately 2 x 1 ½") portrait photo of your face (without hat) to be included on the website with your biographic information that you provide within your New Board Candidate Application.

Nominating Committee Endorsement:

By fulfilling the previously detailed Board Member Requirements, candidates may receive a Nominating Committee endorsement, which will be conveyed to the Member / Owners within election-related information.

Detail your personal qualifications when answering the Board Candidate Application:

Previous board experience is helpful. Candidates should have a willingness to work closely and cooperatively with the other Directors, a commitment to providing the time and energy necessary to accomplish the Board's objectives while fulfilling the required term.

How much time would I need to put into serving?

The Board holds one regular meeting for two to three hours each month, during which attendance is expected. Beyond this regular meeting, the time commitment for a Director typically averages one to two hours per week, including preparation for regular monthly meetings, and participation on committees. Officers devote more time to the cooperative.

What compensation is there for serving?

Each Director receives a % store discount applicable to most purchases throughout their term. The Director discount may not apply to alcohol purchases or items that are currently discounted.

I'm sure I have the time to commit, and I want to serve the Grain Train; how else can I make up my mind whether or not to run?

You may obtain additional information about serving on the Board of Directors by talking to any of the current directors to get a personal perspective of what service on the Grain Train Board of Directors is all about.

Members are always welcome to attend the meetings of the Board of Directors on the third Tuesday of each month at 5 PM, second floor of the Cook Building (Grand Traverse Pie

Company/ Yoga building), 316 Mitchel Street, second floor, Suite 3. You can see how the Board functions and meet the current directors. Additionally, the Board meeting minutes are posted on the Grain Train web site, www.GrainTrain.coop.

When will elections be held?

Elections take place during the General Membership Meeting (GMM) held in the spring, usually in the month of April.

OK, I've decided to run - now what?

To help the Membership make an informed decision regarding the directors they elect, we ask you to fill out the [Board Candidate Application](#) included in this packet. The information you provide will be posted to the co-op website and printed in election related materials.

Please email your completed application to the Nominations Committee at board@graintrain.coop Your answers to the essay questions, along with a photograph of yourself will be published in the Co-op newsletter and posted on-line.

It sounds like a big step!

And worthwhile! As a cooperative, the Grain Train is only as strong as its Membership. The Board traditionally has been a diverse group of people with a wide range of skills who have brought the store to where it is today; 40+ years in the Petoskey community and a vibrant organization which benefits our Members!

Policy Governance

The Grain Train Board operates using the Policy Governance model, which was developed to allow Boards to maintain accountability for organizational performance while focusing on providing visionary leadership around our 'big-picture' mission. Delegation is a significant component of the cooperative hierarchy. Members of the Board maintain written documentation of expectations for themselves, the organization, and for the General Manager. Board policies are the primary vehicle for recording these expectations, and they are monitored on a regular basis.

The relevance of this methodology stems from (1) the fact that a significant volume of information is required to fulfill our fiduciary duties; (2) the need to delegate authority in order to accomplish our organizational purpose; (3) the desire to ensure that our Members and stakeholders are well served by organizational accomplishments.

The Policy Governance model is designed to allow the Board to delegate with great clarity by completing three steps: 1. Expressing the expectations of the job being delegated. 2. Assigning the expectations with no ambiguity to the party who is to be held accountable for meeting them. 3. Checking that expectations were met.

We have four general categories of policies that express our expectations for Ends to be achieved, and the acceptable means by which to achieve them:

Board Policies

There are four different categories of board policies, and all board policies must fall into one of these categories:

1. ENDS (The intended results for the customers.) Ends policies all deal with ends, while all other categories of board policies deal with means
2. EXECUTIVE LIMITATIONS (The limitations put on the General Manager–GM.) Executive limitations policies all deal with means, but they are written IN THE NEGATIVE, telling what means the General Manager SHALL NOT USE, instead of what means the General Manager SHALL USE to accomplish the organizational goals (this avoids the two extremes of “micro-managing” and “rubber-stamping.”)
3. BOARD-STAFF RELATIONSHIPS (How the board will interact with the General Manager.) Board-Staff relationship policies all deal with means that the Board will use to interact with the Staff THROUGH THE General Manager.
4. GOVERNANCE PROCESS (How the board will govern itself.) Governance Process policies all deal with means that the Board will use to govern and monitor itself throughout the year.

Some Advantages of this Model over the “Conventional” Approach

1. It is a well-researched model of democracy in action, with clear guidelines, not a guessing game.
2. Policies are readable, streamlined, and addressed regularly, not put on a shelf in a big book.
3. The roles of the Board and the Staff are clearly defined and easily understood, and do not overlap.
4. The Board is freed from Staff and customer issues, to allow time to concentrate on community linkage.
5. It discourages people who have “private agendas” from serving on the Board, and encourages people to be on the Board if they have a true desire to serve the entire community.
6. It reduces the typical stress caused by splintered Boards, “micro-managing,” or “rubber stamping”.

The Policy Governance methodology was developed by John Carver as a means to structure Board process to allow for Board accountability on a meaningful level, and empower the Board to lead their organizations at the highest level. Carver's website address is: www.carvergovernance.com

Grain Train Natural Food Cooperative
Board Member Code of Ethics - Statement of Agreement

Revised by T. Shattuck: 2/14

I. Code of Ethics

The Board of Directors of Grain Train Natural Food Cooperative adopts the following Code of Ethics to clarify any uncertainty regarding the authority of the Board or individual directors. This Code of Ethics is proposed to create greater unanimity and closer coordination between directors, and among directors, management, and employees.

To that end, we, the directors of Grain Train Natural Food Cooperative agree that:

- The **Board's authority** is limited to overseeing the affairs of the cooperative in a manner deemed beneficial to the cooperative as a whole. To do this, we employ a General Manager to be responsible for the overall and day-to-day management of the business under the direction of the Board and work with management to set the future direction of the cooperative. The Board is also responsible for carrying out other duties as provided by the Bylaws or by general or specific corporate laws.
- Each **director's authority** is equal only to the rights and authority of any individual Member of the cooperative except when the Board is in formal meeting. No individual director may take action on behalf of the cooperative alone unless explicitly delegated that authority by recorded action of the Board, and no individual director has any particular rights to information not made available to all directors.
- The **authority of the General Manager**, as approved by the Board in the General Manager's job description, is to manage the affairs of the cooperative. The General Manager shall employ, supervise, and discharge all employees, agents and laborers and engage in all negotiations and discussions on behalf of the cooperative as necessary and/or directed by the Board.
- While an individual director may **disagree** with a policy approved by or action taken by the majority of the Board, s/he will support that policy or action as being the considered judgment of the Board. An individual director shall have the right to present further evidence and argument to the Board for further consideration in a manner consistent with the Board's practices. The Board shall have the duty to reconsider its actions appropriately.
- All directors will maintain **confidentiality** as needed to protect the cooperatives' interests and financial viability. This means that all directors shall not discuss disputed or confidential corporate actions, policies, or issues with co-op members, employees, or the general public unless all directors agree that such information is no longer confidential. All issues related to personnel, real estate, market strategy

and goals, pending litigation, and details of the coop's financial status will be considered sensitive issues subject to confidentiality unless or until full disclosure is approved by the Board.

- Directors **serve as representatives** of the cooperative. The Board members shall conduct themselves in a professional manner which fosters confidence and reflects positively on the cooperative, its members, and its staff. We respect the rights of others directors, staff and members - to communicate their ideas free from interruption and without intimidation. All directors shall affirmatively and, at all times, disclose any/all economic conflicts of interest.

II. Code of Conduct

As a co-op director, I pledge to do my best for Grain Train Natural Foods Cooperative, Inc. and will:

- Devote the time needed to fulfill the responsibilities of the position;
- Attend all regular and special Board and committee meetings;
- Be prompt, attentive, and prepared for all Board and committee meetings;
- Contribute to and encourage open, respectful, and thorough discussions by the Board;
- Attend and actively participate in the Board's training sessions and annual planning retreat to enhance Board understanding and cohesiveness;
- Consider the business of the co-op and its members to be confidential in nature;
- Disclose any personal or organizational conflict of interest that I may have and refrain from discussing or voting on any issues related to that conflict;
- Be honest, helpful, diligent, and respectful in my dealings with the co-op, with other directors, and with the co-op's management, staff, and members;
- Refrain from becoming financially involved or associated with any business or agency that has interests that are, or could be perceived to be, in conflict the co-op's
- Work for continued and increased effectiveness in the coop's ability to serve its member/Members;
- Be a team player and agree to abide by the majority action of the Board, even if it is not my own personal opinion;
- Present the agreed-upon view of the Board of Directors, rather than my own, when I speak for the co-op to employees, members, shoppers, and the general public;
- Refrain from asking for special privileges as a Board member and from interfering with management's authority;
- Work to ensure that the co-op is controlled in a democratic fashion by its members and that all elections are open, fair, and encourage the participation of all members

- Strive at all times to keep members informed of the co-op's status and plans, and of the Board's work, as appropriate;
- Continually seek to learn more about the co-op and its operations and about my responsibilities as a Board member by pursuing educational opportunities.

As a co-op director, I agree to abide by this Statement of Agreement. I agree that if, in the opinion of the majority of the directors, I have violated the letter or spirit of this agreement, I shall offer to resign my position on the Board immediately, and shall not seek to cause continued disruption to the cooperative and the Board for such a transgression. The Board shall review the director's transgression, and determine in Closed Session whether to accept the director's resignation. The Board reserves the right to admonish without termination, in the hope of rectifying behaviors or actions.

Signature of co-op director

Date

Please review the enclosed materials and contact us if you have any questions:
board@graintrain.coop

Thank you again for your interest in serving the Grain Train Natural Food Cooperative.
Cooperatively yours, The Grain Train Board of Directors