

# SEVANANDA

NATURAL FOODS MARKET  
*~cooperatively owned since 1974~*

## Board of Directors Candidate Packet for 2012





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**Extra:** The Board Policy Governance

{these are the documents which guide and restrict the Board}

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

The Board of Directors is the representative ownership of Sevananda. It is composed of nine people, all members of Sevananda, elected by the general membership, each of whom serves a three-year term. Directors guide the co-op towards the members' vision through carefully written policies. The Board also supervises the General Manager, and is involved in strategic planning, financial oversight, membership linkage, and community outreach.

## **What are the requirements for running?**

Directors must be members of Sevananda in good standing with their membership payments. Once elected, directors must sign a Commitment Letter and publicly disclose any potential conflict of interest. As for personal qualifications, experience in any of the above areas is useful, but not a prerequisite for directorship. More important are: ability to learn quickly; organizational skills; willingness to work closely and cooperatively with the other directors, since decisions are all made by consensus; commitment to providing the time and energy necessary to accomplish the Board's objectives and fulfill the three-year term.

## **Qualifying to run**

The Nominating Committee seeks to put forward a slate of candidates that understand the role of the board and responsibility to the membership and that will bring needed skills to the board. The Nominating Committee strives to ensure that:

- ❖ Candidates are members in good standing
- ❖ Candidates are aware of and are willing to commit to the board's present role vis-a-vis policymaking; namely that the board's job is to make, amend, and destroy policy, and not to interfere in operational decisions of the General Manager
- ❖ Candidates are aware of and are willing to commit to the board's appropriate role vis-a-vis the GM, namely that the board accepts or does not accept the GM's interpretations of Executive Limitations, does not interfere in how he carries out his operations, then monitors him for his results
- ❖ Candidates are committed to serving the membership as a whole rather than any single group
- ❖ Candidates are aware of and willing to commit to the 7 Cooperative Principles, and Sevananda's Ends

Candidates are aware of the general qualifications for a Board Director, which are:

- Dedication to Sevananda's principles and values and the Member-Owner agreement
- Ability to appreciate board diversity
- Understanding and willingness to contribute to the task of governance
- Honesty and independent judgment, courage and good faith
- Ability and eagerness to deal with values, vision and the long term growth and prosperity of Sevananda
- Fair and open-minded
- Ability and willingness to participate assertively in discussions and abide by board decisions and the intent of established policies
- Willingness to operate in a group decision-making environment, to share power in group process, and to delegate areas of decision-making to others
- Ability to communicate clearly orally or in writing
- Knowledgeable about cooperatives and food retailing or commitment to learn
- Having no over-riding conflicts of interest
- Commit to the meeting and retreat times and dates already set by the board. The board sets these at its June meeting.

To do the above, candidates should attend a Nominating Committee meeting with the Board Liaison present at which this information is provided to them and at which they can ask questions if something is not clear. At this time their member status is also confirmed. Candidates agreeing to run then are asked to write a statement of no more than 500 words. This statement will be published with their photo in *Co-Options*, on the Sevananda website, and in the store.

In their statement, candidates are asked to answer particular questions to be chosen by the Nominating Committee from the list below. The questions are to help guide the candidates in their statements.

**The Nominating Committee can choose any number of the following questions to ask the candidate to answer in their statement in *Co-Options*, or to the NomComm when declaring candidacy:**

- 1- What qualifications do you bring to the board?
- 2- Why do you want to run for a seat on the Sevananda Board of Directors?
- 3- Where do you envision Sevananda going as business and as a cooperative?
- 4- How does your vision of sustainability relate to your proposed service?
- 5- Describe personal experience and history with Sevananda (if any).
- 6- Describe general background and education.
- 7- Describe co-op, community, or business experience you will bring to Sevananda.
- 8- Mention noteworthy skills – finance, outreach, fundraising, communication, etc.
- 9- How your schedule allows you to commit to spending time on board-related activities and fulfilling a three-year board term.
- 10- What does cooperative business mean to you and why is it important?

### **Revocation of Candidacy**

The Nominating Committee is charged by the bylaws of Sevananda to “review and recommend” candidates. However, since the business of Sevananda is in some very important ways, very different in 2011/2012 than in 1995 when those (very vague) bylaws were written – it is in the best interest of the cooperative as a whole to take into serious consideration of the possibility of revoking someone’s candidacy if it is considered by the NomComm as a whole.

This means that even though that member-owner may want to run for the Board, information may surface that would sway the NomComm in such a way that they would feel that in fact, that this person would not be best in representing Sevananda at this time (i.e. – this election cycle).

The NomComm will codify any “reasons to revoke” and make all potential candidates aware of the potential rulings by the NomComm, and that they will need to abide by them if the situation warrants revoking a candidacy. All candidates, however, should be allowed to speak to the whole NomComm to explain the issue or situation so that they can make a considered and thoughtful resolution in the best interest of Sevananda as a whole.

### **Guidelines for Candidate Campaigning**

A candidate's written statement and the Candidates' Forum at the Spring General Membership Meeting are the main vehicles by which candidates make themselves known to the membership. It is permissible to campaign in the store if the following guidelines are observed:

- 1- Candidates should stay away from the vicinity \* of the voting table; while not blocking or impeding the entry and exit doors into the store.

- 2- They should avoid giving the impression that they work in the store when introducing themselves to customers (there may be additional rules regarding staff candidates in the staff personnel manual);
- 3- Signs are only allowed on the community bulletin board, and are subject to the posted rules regarding placement and size. Such signage would be in addition to the official Nominating Committee display of candidate photos and statements that is put up around April 1<sup>st</sup>.
- 4- Little Five Points, where Sevananda is located, is a hate-free zone. Candidates should keep grossly negative messages out of their campaigning. *\*Vicinity is designated by the operational staff of Sevananda, so as to not hinder the flow of shoppers into and out of the store, and the NomCom will be advised what it is so they can tell candidates this information.*

#### **General qualifications for a board director:**

- Dedication to Sevananda's principles and values and the Member-Owner agreement
- Ability to appreciate board diversity
- Understanding and willingness to contribute to the task of governance
- Honesty and independent judgment, courage and good faith
- Ability and eagerness to deal with values, vision and the long term growth and prosperity of Sevananda
- Fair and open-minded
- Ability and willingness to participate assertively in discussions and abide by board decisions and the intent of established policies
- Willingness to operate in a group decision-making environment, to share power in group process, and to delegate areas of decision-making to others
- Ability to communicate clearly orally or in writing
- Knowledgeable about cooperatives and food retailing or commitment to learn
- Having no over-riding conflicts of interest
- Commit to the meeting and retreat times and dates already set by the board.

#### **How much time would I need to put into serving?**

Directors should expect to work an average of three hours per week. Included in this time is preparation for and attendance at regular monthly meetings as well as specially-called board meetings, and participation on standing and/or any ad hoc committees.

In addition, the Board holds an annual retreat soon after the elections, providing basic training plus giving directors a chance to relax and get to know each other better. The date for that is TBD.

#### **What compensation is there for serving?**

Each director currently receives a 20% store discount and a \$100 monthly stipend.

#### **I'm sure I have the time commitment, and I want to serve Sevananda; 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 a member of the Nominating Committee. Also, please feel free to contact any of the current directors to find out from a personal perspective what service on Sevananda's Board of Directors is all about.

The names, emails and phone numbers of the directors are listed in Sevananda's newsletter, *Co-Options*, and may also be obtained by calling Sevananda at 404-681-2831. Accompanying this packet is literature about the cooperative structure, the basic responsibilities of directors, and the evaluation of co-op boards.

Also included is the Board Commitment Letter you would sign once elected. We hope this information will help you understand the nature of service on the Board.

### **Could I sit in on some board meetings?**

All member-owners are welcome! Candidates considering running are **strongly encouraged** to attend. The Board of Directors currently holds its monthly meetings on the third Tuesday at 7:30 P.M. at Sevananda in the education room. You can see how the Board functions and meet the current directors. You may gain useful perspectives on the issues currently facing Sevananda.

### **How many positions are open?**

For the 2012 election, there are three (3) seats open. Normally, in a regular election cycle, there are three (3) seats open each year. As the Board consists of nine members, three rotate off when their term is done. This way, there are normally six Board Directors who have at least one (or two) year(s) of experience at all times.

### **When will elections be held?**

This year, the annual election will be held the week of Sunday TBD through Sunday TBD.

### **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 provide us with a typewritten one page (500-word) statement in which you describe what qualities, generally and specifically, you might bring to the Board. If you wish your statement to be longer, it can be continued on the Sevananda website.

You can email your statement to [NomCom@sevananda.coop](mailto:NomCom@sevananda.coop) or hand it in at the Customer Services desk where it will be picked up by a member of the Nominating Committee. Your statement, along with a photograph of yourself, should be given to the Nominating Committee by February 1<sup>st</sup> in order to be published in the April issue of *Co-Options*.

To do the above, candidates should attend a Nominating Committee meeting with the Board Liaison present at which this information is provided to them and at which they can ask questions if something is not clear. At this time their member status is also checked to confirm they are current in payments.

### **Candidate/NomComm Orientation**

During the 2011 election cycle a representative from CDS (Co-op Development Services) facilitated a training session for Board candidates that the NomComm was invited to participate in. This will now be done annually and it is highly recommended that any potential Board candidates participate. In 2011 it was the day before the spring meeting, and it may be scheduled sooner once the slate of nominees is locked so that it happens more than one day before the elections starts.

### **What if I miss the *Co-Options* deadline?**

If your statement is handed in past this date, it cannot be printed in the *Co-Options*. You still can run, but only as a write-in candidate. The NomCom can choose to print your name on the ballots, even though it would not be in *Co-Options*. As there is an option for mail-in ballots, the NomCom may choose to contact anyone whose ballots have been mailed, and offer them a corrected ballot. This is up to the NomCom, and may or may not be done.

So, if you know you're interested in running, please declare it as soon as possible!

You may speak along with other candidates at the spring member event on TBD and your statement and photo can be placed at the voting table during the election.

### **Changes in candidacies between February 1<sup>st</sup> Co-Options Deadline & the “Meet the Candidates” spring meeting**

Changes in candidacies that have occurred in the past include: the addition of write-in candidates, candidates who dropped out, and changes in the number of open seats.

In the case that significant changes occur between February 1<sup>st</sup> and the Spring Membership Meeting, (date TBA) the Nominating Committee reserves the right to reprint the ballot that will be used at the voting table during Voting Week that reflects the correct number of open seats, includes write-ins, and excludes drop-outs, even if it differs from the one printed in *Co-Options*.

In such an extreme case, members who use *Co-Options* ballots for voting should be offered the choice of re-doing their vote with the newer ballot. The NomCom can call any mail-in ballot Members and advise them that there have been changes to the ballot, and offer to either mail them a corrected ballot (with self addressed stamped envelope), or have one held for them at the Customer Services Desk, which they can fill out and put in the ballot box during the week of voting.

### **Co-Options Deadline**

Candidate statements must be submitted by email or in writing to the Nominating Committee chair by February 1<sup>st</sup>. This date is the usual deadline for the April *Co-Options* issue in which the candidate statements and ballot will appear.

The Nominating Committee believes it is important to have all candidate materials appear in *Co-Options* to allow equal participation in the election process by members who cannot physically attend the Candidate forum at the Spring Membership Meeting or to vote in the store.

Sometimes, as for any month, that deadline can be flexible by a day or so at the discretion of the *Co-Options* editor. The Nominating Committee does not intend to hold up *Co-Options* for procrastination or indecision; flexing the deadline would be in the case of spectacular and hopefully temporary trouble like car accidents or hospital stays, and the decision to be flexible must rest with the *Co-Options* editor. Nominating Committee members interacting with candidates will immediately inform the Nominating Committee chair if they are aware that an emergency has come up for a candidate; and it is also the responsibility of candidates to communicate if a serious problem comes up that will cause a day or two of delay.

### **Co-Options layout**

The *Co-Options* editor has final responsibility for matters of physical layout and column length in the newspaper. The Nominating Committee works with the editor so that all candidates are presented as fairly as possible. Statements should not exceed 500 words. In 2009 and 2011 the Nominating Committee made use of a computerized randomizing program in deciding the layout of candidates in *Co-Options*.

It was felt this gave each candidate a fair chance at being advantageously placed in an election with a large number of candidates running. The Nominating Committee will carefully consider layout in promotional materials to be fair as possible to all candidates.

## **What should I include in my statement?**

The candidate can choose any number of the following questions to help guide you in your statement:

- 1- What qualifications do you bring to the board?
- 2- Why do you want to run for a seat on the Sevananda Board of Directors?
- 3- Where do you envision Sevananda going as business and as a cooperative?
- 4- How does your vision of sustainability relate to your proposed service?\*
- 5- Describe personal experience and history with Sevananda (if any).
- 6- Describe general background and education.
- 7- Describe co-op, community, or business experience you will bring to Sevananda.
- 8- Mention noteworthy skills – finance, outreach, fundraising, communication, etc.
- 9- How your schedule allows you to commit to spending time on board-related activities and fulfilling a three-year board term.
- 10- What does cooperative business mean to you and why is it important?
- 11- Your commitment to spending time on board-related activities and fulfilling a three-year board term.

## **Is that the only way to tell the membership about myself?**

No. At the Spring General Membership Event and Candidates Forum on TBD you will have several minutes to address members directly and to answer questions. You may "campaign" in the store if you follow these guidelines:

### **Use of Sevananda online media outlets (web and social media)**

No candidate for a Board position or for any other position affiliated with Sevananda (staff, working member, committee member, including sitting Board, etc) is to make use of Sevananda's communication channels including any online presence for their personal gain, including soliciting votes for any elections.

This includes using Sevananda's own website, Facebook, Twitter or any and all other social/online media in use by the business named Sevananda, Sevananda Natural Foods Market, Sevananda Cooperative or any variation thereof. Candidates cannot post on Sevananda's online media asking for votes or talking about their 'platform' in any fashion. These outlets are for the business of Sevananda and not to be used by anyone who is not authorized to do so. If any posts are seen on any of these platforms they will be removed and the NomComm will give consideration to revoking the candidacy of the person in question.

There is an online Member-only forum for candidates to post about their candidacy. All members of the forum must be current member-owners of Sevananda, and once this is confirmed, anyone can post to the forum. It is moderated by Member Services staff and overseen by the GM. Sevananda will create a sub-section on the existing online forums specifically for candidate campaigning each year. They will be required to join the online forums (as any other member does), and then can submit posts for the forum. This will ensure that only member-owners of Sevananda are privy to the business of the election. The forum is monitored for conduct, language of topics, and if found to be in violation of any of the stated Forum rules, the candidate will be informed, and depending on the severity of the issue, the NomComm reserves the right to revoke a candidacy.

### **Guidelines for Candidate Campaigning**

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Little Five Points, where Sevananda is located, is a hate-free zone. Candidates should keep grossly negative messages out of their campaigning. *\*Vicinity is designated by the operational staff of Sevananda, so as to not hinder the flow of shoppers into and out of the store, and the NomCom will be advised what it is so they can tell candidates this information.*

**The “Meet the Candidates” Meeting** The Spring Membership Meeting in April (or May, depending on when it is scheduled by the Operational staff) provides a chance for the membership to meet the candidates and ask them questions. Traditionally, the committee creates a forum. Candidates may be given the opportunity to make a brief (approximately two-minute) opening statement and a brief (one minute) closing statement, with audience questions (moderated by a committee member) in between.

In years when a large number of candidates are running, this format may be impractical in the interests of time. The committee also should use this meeting to solicit volunteers to help work the voting table (see sample sign-up sheet in Section C). Those attending this meeting are permitted to vote following the end of the meeting, so election materials must be ready. A formal forum may be videotaped and the tape played in the store during election week. Check with the IGM Team about the possibility of doing this.

**It sounds like a big step!** And it’s very worthwhile! As a cooperative, Sevananda 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 – one of the largest and most successful natural food cooperatives in the United States.

## The Policy Governance Model

To accomplish its work, Sevananda's Board of Directors utilizes the Policy Governance model of leadership. Here is a description of Policy Governance from its creators:

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 / Reinventing Your Board: A Step by Step Guide to Implementing Policy Governance, John Carver on Board Leadership: Selected Writings from the Creator of the World's Most Provocative and Systematic Governance Model/Corporate Boards That Create Value: Governing Company Performance from the Boardroom,*

All works by John Carver, Miriam Carver and Caroline Oliver.

## **The Statement on Co-operative Identity**

The Statement on Co-operative Identity was adopted at the 1995 General Assembly of the International Co-operative Alliance (ICA), held in Manchester [UK] on the occasion of the Alliance's Centenary. The Statement was the product of a lengthy process of consultation involving thousands of co-operatives around the world.

### **Definition**

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

### **Values**

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

### **The 7 Principles**

The cooperative principles are guidelines by which cooperatives put their values into practice.

#### **1st Principle: 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.*

#### **2nd Principle: 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 co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are organized in a democratic manner.*

#### **3rd Principle: 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.*

#### **4th Principle: 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.*

### **5th Principle: 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 co-operation.*

### **6th Principle: 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.*

### **7th Principle: Concern for Community**

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

## **From The National Cooperative Business Administration**

### **A Co-op Primer - Cooperatives Are Businesses.**

A cooperative is a business. In many ways it's like any other business; but in several important ways it's unique and different. A cooperative business belongs to the people who use it - people who have organized to provide themselves with the goods and services they need. A cooperative operates for the benefit of its members.

These member-owners share equally in the control of their cooperative - they meet at regular intervals, review detailed reports and elect directors from among themselves. The directors in turn hire management to manage the day-to-day affairs of the cooperative in a way that serves the members' interests.

Members invest in shares in the business to provide capital for a strong and efficient operation. All net savings left after bills are paid and money is set aside for operations and improvements are returned to co-op members.

In 1844, the Rochdale Equitable Pioneers Society opened a cooperative store on Toad Lane in Rochdale, England. Toad Lane is considered the birthplace of modern cooperatives because the principles and practices of the Pioneers assured the success of the cooperative model.

### **Cooperatives Are Serving Many Needs**

Cooperatives may be organized to provide just about any good or service such as:

- Business services/Child care/ Credit and personal financial services/Employment/Equipment, hardware, and farm supplies / Utilities and cable T.V. services/Food and food services / Funeral planning/ Health care/ Housing/ Insurance/ Legal and professional services/ Marketing of agricultural and other products

## **Cooperatives Are For Everyone**

Over 100 million people are members of 47,000 U.S. cooperatives. These people have organized to provide themselves with goods and services in nearly every sector of our economy. Their cooperatives may be organized in a number of ways and for many purposes

*Producer-owned cooperatives* are owned by farmers, producers or small businesses. Agricultural producers or crafts people organize cooperatives to process and market their goods, and to provide themselves with credit, equipment and production supplies. Similarly, retail stores or small businesses organize cooperatives to provide supplies or common services.

*Consumer-owned cooperatives* enable consumers to secure a wide array of goods and services. For example, they may offer health care, utilities, insurance or housing. They may buy and sell food, heating fuel, hardware and other consumer goods. . Or, they may operate credit unions, child care facilities and funeral and memorial societies. Almost all consumer needs can be met by a cooperative.

Sevananda is a *Consumer-Owned Cooperative*, though this has only been in effect since 1995. Sevananda operated essentially as a non-profit for decades, and did not incorporate as a legal cooperative until 1995. Sevananda is incorporated in the state of Wisconsin, as Georgia does not have laws that would cover this specific type of business.

*Worker-owned Cooperatives* are businesses owned and controlled by their employees. Worker cooperatives may be found in almost any industry. Examples include employee-owned food stores, processing companies, restaurants, taxi cab companies, sewing companies, timber processors and light and heavy industry.

## **Cooperative Statistics**

- About thirty percent of farmers' products in the U.S. are marketed through cooperatives.
- More than 20 cooperatives have annual sales in excess of \$1 billion.
- Credit unions have over 80 million members and assets in excess of \$100 billion.
- Rural electric cooperatives operate more than half of the electric distribution lines in the United States and provide electricity for 26 million people.
- There are approximately one million cooperative housing units serving households with a range of income levels and housing needs.
- Over 50 million Americans are served by insurance companies owned by or closely affiliated with cooperatives.
- Consumer-owned and controlled cooperatives pioneered pre-paid, group practice health care. Today cooperative health maintenance organizations (HMOs) provide health care services to nearly 1.4 million American families.
- Food cooperatives have been innovators in the marketplace in the areas of unit pricing, consumer protection and nutritional labeling.

- Retailer-owned food and hardware cooperatives make it possible for hundreds of independent store owners to successfully compete with large chains.
- Today, more than 48,000 different cooperatives provide more than 120 million Americans with a wide range of goods and services.
- Two in every five people in the U.S. belong to a cooperative. That is 40 percent of the U.S. population.
- Today there are 3,346 agricultural cooperatives in operation.
- Agricultural co-ops own more than 1,000 brand names.
- The net business volume of agricultural co-ops in 2000 was \$99.7 billion.

*Statistics gathered from various sources as of 2000.*

### **Significant Dates in Cooperative History**

**1752:** The first successful cooperative was organized in the United States when Benjamin Franklin formed the Philadelphia Contributionship for the Insurance of Houses from Loss by Fire - the oldest continuing cooperative in the U.S.

**1844:** The Rochdale Equitable Pioneers Society was established in Rochdale, England. These pioneers wrote down a set of principles to operate their food cooperative which contributed to their success and spread to other cooperatives around the world. The successful establishment of the cooperative in Rochdale marks the beginning of the modern cooperative era.

**1865:** Michigan passed what is believed to be the first law recognizing the cooperative method of buying and selling.

**1895:** The International Cooperative Alliance (ICA) was established. Today over 200 national cooperative organizations representing 92 nations belong to ICA, the apex organization of all national cooperative movements. The ICA aims to promote cooperative development and trade worldwide and boasts an individual membership of more than 750 million people.

**1916:** The Cooperative League of the USA, the first national cooperative association, was formed. It is now known as the National Cooperative Business Association.

**1922:** Congress passed the Capper-Volstead Act allowing farmers to act together to market their products without being in violation of anti-trust laws.

**1920s & 30s:** Congress established governmental agencies - the Farm Credit Administration (1929), the National Credit Union Administration (1934) and the Rural Electrification Administration (1936) - to provide loans and assistance to cooperatives.

**1978:** Congress passed the National Consumer Cooperative Bank Act, establishing the National Cooperative Bank.

## **The Twin Pines**

The familiar encircled Twin Pines was adopted in 1922 by the Cooperative League of the USA, as the National Cooperative Business Association was then known, as a universal cooperative emblem.

The cooperative emblem displays Twin Pines encircled because the pine tree is an ancient symbol of life and the circle has the endless quality of eternity. Two pines are shown to emphasize the mutual nature of cooperation. The trees and the circle are dark green which is the color of chlorophyll, the life principle in nature, and the color within the circle is golden yellow typifying the sun, the giver of light and life.

Over the years, the emblem has been used widely around the world to display a positive identification among cooperators and a sense of common purpose. The National Cooperative Business Association has taken the position that the emblem's proper use by bona fide cooperatives should be unrestricted.

For millions of people around the world the Twin Pines has come to mean one thing - **Co-op!**

## **A (not-so) Brief History of Sevananda**

Sevananda was founded as a Georgia not-for-profit corporation in 1974 by members of the Ananda Marga Yoga Society. The name is Sanskrit, and combines two words that translate to "Service is bliss." The natural foods store was originally called the "Egg and the Lotus" and was located on Oxford Road near Emory University. In 1975 it moved to the space now occupied by the BOND Community Credit Union on Moreland Avenue in Little Five Points.

Much like a cooperative, Sevananda offered memberships to patrons, which provided a store discount. However, the store was controlled by a self-appointed board of directors who were members of Ananda Marga. As a result, most of the income of the store was given to Ananda Marga's religious leadership rather than being used for community benefit.

In 1979, the six-director board reached an impasse when three directors refused to continue this practice. Ananda Marga took the store to court, and the judge decided that a seventh director should be appointed to the board, which could then break the deadlock. Both sides agreed on the seventh director, who then solicited the input of the members of Sevananda and the community. He eventually came down on the side of the community-oriented directors, and Sevananda broke its ties with Ananda Marga and its leadership.

The new board of directors rewrote Sevananda's bylaws to give it a cooperative structure, providing for election of the board by the members on a one person/one vote basis and establishing a non-hierarchical workers collective responsible for the day-to-day operations of the store. They also instituted a one-time charter membership fee of \$10 and a member discount of 10%.

After several years, the charter membership fee was replaced by an annual membership fee of \$10 for individuals, \$17 for couples and \$25 for households. However, those who had previously obtained charter memberships were not required to pay the annual fee.

The workers collective evolved into a semi-hierarchy in which several of its members were given co-management responsibilities. The store expanded its sales and, in 1984, moved into the much larger quarters of its present building on Euclid Avenue.

By 1987 the staff was essentially hierarchical, with a management collective overseeing the rest of the staff and being coordinated by a general manager, who in turn was responsible to the board of directors. The first general manager, Michael Corley, left in 1988, and was followed by several interim managers. During this period the store's finances were mostly unprofitable.

Alan Mathewson was hired as general manager in 1990. He instituted many changes to make Sevananda function more effectively as a business. To help Sevananda recover from its years of losses, and to help pay for a planned renovation of the store, the board modified the membership fee structure in 1992, reducing the memberships to "individual" only, and increasing their annual cost to \$20.

For the first time charter members were required to pay this annual fee as well. One year later, the member discount was also reduced to 5%.

The effects of these changes were felt in 1993, when the store showed a large profit for the first time in many years. This largesse was used for additional capital improvements, and to help bring Sevananda's balance sheet back into the black.

In 1994, the membership voted to reincorporate Sevananda as a Wisconsin cooperative using a member equity system. As a result, starting in 1995 members no longer paid an annual membership fee, but instead made payments toward the purchase of \$100 full shares in Sevananda. In addition to the point-of-sale discount, members could also receive an end-of-year patronage refund, depending on the store's profitability.

Beginning in 1996, the board of directors completed the process of reincorporation by letting the patronage refund take over completely from the point-of-sale discount as the means to return the store's profits to its members. This new structure was meant to help Sevananda stand on even firmer financial foundations, by protecting the cooperative in the event of lower-than-expected income or losses.

Switching to the patronage refund turned out to be extremely important, as 1995 had large financial losses, and 1996 opened with the resignation of the general manager. Nine months of transitional management followed. Although the financial situation improved and a small net profit was generated, continuation of the discount would have resulted in another net loss. Instead, a small but symbolically significant patronage refund was returned to the members after the end of the year.

Also in 1996, the membership approved a set of amendments to the articles of incorporation and bylaws which added dividend-bearing shares to the original membership shares. The purpose of these shares, which are limited by law to dividends of 8% or less, is to raise money to open one or more additional storefronts.

Beginning in 1997, a new general manager, Dee Brewer, took the helm, ready to move Sevananda along the road of expansion and forward into the next millennium. Her first year resulted in record revenue and a large, 6.3% patronage refunds for members.

In addition, Sevananda joined the Southeast Cooperative Grocers Association, a regional organization, mostly based in North Carolina, whose purpose is to help promote stronger cooperatives through resource sharing, joint trainings, and chain-like buying agreements.

In 1998, Sevananda was finally ready to move forward on an expansion. However, events had caught up to its store in Little Five Points. Parking problems, inadequate facilities, and the expanding natural foods marketplace all were straining its limits. Strategic planning by the board of directors led to the inevitable conclusion that the best way to serve the membership was to relocate Sevananda into a new, larger facility that could meet these demands and place Sevananda in the best possible position to fend off increasing competition.

An agreement was then reached to take over Sharpe's Furniture and Appliance Store two blocks away, back on Moreland Avenue. This facility would provide nearly double the retail floor space, substantially more parking, and room for classes, meetings, and some warehousing. Construction began in the fall of 1998, and the new store opened in the fall of 1999.

After both serving as General Manager and overseeing the move of Sevananda to the new location, Dee Brewer resigned. Steve Cooke, a veteran of Sevananda was hired as the new General Manager and started July of 2000. Steve served as General Manager of Sevananda for ten years, and under his leadership the store more than doubled its sales in under a decade, with 2009 doing just over \$9 Million in sales. He resigned in August of 2010. There was an Interim General Management Team (the IGM) consisting of Sean Farber, Pat Jackson and Zola (Shirley) Peek. The Interim Board conducted a national search for a General Manager, and hired Thomas Pawlenko in April of 2011. The new Board was seated after the election results for staggered terms due to missing two election cycles. There will be three (3) seats available in Spring 2012 election.

### **Sevananda Ends Policies**

Sevananda exists such that the Commonhealth is sustained.

The Commonhealth is a community characterized by:

A culture of service

Knowledgeable members

A network of local, viable services

An environment that is sustainable and nourishing

Local, regional, global connectedness

Relationships which are fair, inclusive, interactive and empowering

An economy that is thriving, [(autonomous) or (self-reliant)], and mutually beneficial for all involved

## **Principles of Governance**

Sevananda is a consumer cooperative which is managed under the direction of its board of directors. The board obtains its authority from, represents, and is accountable to the members of Sevananda. On their behalf, the board is committed to a dynamic and effective governance system which assures appropriate organizational performance.

The board will therefore focus its efforts on defining the values and perspectives of Sevananda through internal debate and dialogue with the membership; directing and inspiring Sevananda through policies reflecting those values and perspectives; and monitoring the performance of Sevananda to assure compliance with those policies.

In creating its policies, the board will emphasize outward vision rather than internal preoccupation, strategic leadership more than administrative detail, foresight rather than hindsight, proactivity rather than reactivity, encouragement of diversity in viewpoints, collective rather than individual decisions, and a clear distinction of board and staff roles.

The board's governing policies will be written and accessible. They will be explicit, literal, concise, singular, and current. They will also be comprehensive and organized in outline form, proceeding from broad policies to more specific policies, with each level logically containing the subsequent levels.

The broadest level will be organized in the following four categories:

### **I. Board Process**

How the board conducts and monitors its own activities; ensures its continuance; and dialogues with the membership.

### **II. Board/General Manager Relationship**

The job of the General Manager; how authority is delegated to the General Manager and the General Manager's accountability; how the board ensures the General Manager's compliance with its policies.

### **III. Sevananda's Vision**

The cooperative's products, impacts, benefits, and outcomes; their recipients; and their relative cost.

### **IV. General Manager Limitations**

The prudence and ethics boundaries within which all General Manager activities and decisions must take place; the unacceptable activities and conditions of the organization.

## **Director's Code of Conduct and Ethics**

The Sevananda board of directors shall use the following Code of Conduct and Ethics to clarify any uncertainty which may now or in the future exist regarding the authority exercised by individual directors and general rules applicable to directors' conduct of cooperative business.

The bounds of authority defined in this policy serve as a medium by which greater unanimity and closer coordination can be affected amongst directors, and between directors, management, and employees.

All directors shall have the same rights and responsibilities, unless specifically empowered or excluded by board policy.

**Directors have the following responsibilities:**

- a. Be aware of and follow the cooperative’s bylaws, policies, procedures, and regulations;
- b. Perform board duties, including committee and officer duties, in good faith, and with such care as an ordinarily prudent person in a like position would use under similar circumstances;
- c. Act in the best interests of its members as a whole - not of a subgroup or designated constituency;
- d. Bring complete honesty and personal integrity to the board;
- e. Respect others and respect yourself;
- f. Openly and impartially consider all issues and matters;
- g. Research issues thoroughly and remains informed regarding cooperative operations and issues; seek additional expertise, knowledge, and skills as appropriate and needed;
- h. Prepare for meetings and make timely reports as needed;
- i. Attend all board meetings, strategic planning sessions, and training retreats, be on time, and notify the board president when an absence is unavoidable;
- j. Keep discussions short and focused, and have respect for the agenda;
- k. Serve on committees as needed, and in other capacities as appointed by the board;
- l. Have fun!

**Limits to Authority**

Each director recognizes that, except when the board is in formal meeting, their authority is equal only to the rights and authority of any individual member of the cooperative and that no individual director may take action on behalf of the cooperative alone unless explicitly delegated that authority by action of the board. In particular, directors shall refrain from interfering in the duties assigned to management and in the daily operations of the cooperative.

**Communication**

Each director recognizes that, whether or not they may agree with a policy or action adopted by the board, they should support said policy or action as being the considered judgment of the board, presenting a unified voice.

An individual director shall have the right and duty to present additional evidence and argument to the board for further consideration in a manner consistent with the board's practices, and the board shall have the duty of reconsidering its actions appropriately.

### **Confidentiality**

The board agrees that individual directors shall use the utmost of professional judgment and discretion in discussing disputed or confidential corporate actions, policies, or issues with cooperative members, employees, or the general public. All personnel, real estate, marketing, legal, strategic planning, and financial matters will be considered sensitive issues subject to director's good faith and discretion unless or until made specifically clear by action of the board as whole.

### **Professional Conduct**

At all times directors shall recognize that they project an image as a representative of the cooperative and shall conduct themselves in a professional manner which fosters confidence and reflects positively on the cooperative, its members, and its staff. All directors will respect the rights of others - directors, staff, and members - to communicate their ideas free from interruption.

### **Conflict of Interest**

- a. It shall be a conflict of interest for any director or officer to be engaged in any activity which will result in a private pecuniary gain to the director or officer, either directly or indirectly, as a result of any action to be taken by the board or corporation.
- b. It shall be the affirmative duty of any director or officer of the corporation to avoid any conflict of interest, or appearance of conflict of interest.
- c. When a conflict or the appearance of a conflict exists, it shall be the affirmative duty and responsibility of the director or officer to affirmatively disclose such potential conflict at the earliest possible time, either orally or in writing. Such disclosure shall be required to be made at any time that there is a discussion concerning action to be taken that could or would result in such a conflict. After such declaration of conflict and explanation, the director or officer in such a position of conflict must refrain from all further discussion and abstain from any votes taken on the issue(s) in which they have a conflict of interest.

### **Fiscal Responsibility**

Directors who are delegated expenditure authority by the board shall use that authority solely to achieve the board's stated goal as effectively as possible and with the minimum possible expense.

### **Liability of Directors and Officers**

No liability claims have ever been filed against directors of Sevananda for actions they took while performing their duties. Nevertheless this is a consideration while on any board of directors. The Sevananda board does not currently maintain liability insurance.

This is primarily because Sevananda is incorporated in the state of Wisconsin, which provides excellent protection of directors against such liability claims. Below is the relevant section of the Wisconsin Statutes (1999).

#### 185.367 Limited liability of directors and officers

**(1)** Except as provided in subs. (2) and (3), a director or officer is not liable to the cooperative, its members, stockholders or creditors, or any person asserting rights on behalf of the cooperative, its members, stockholders or creditors, or any other person, for damages, settlements, fees, fines, penalties or other monetary liabilities arising from a breach of, or failure to perform, any duty resulting solely from his or her status as a director or officer, unless the person asserting liability proves that the breach or failure to perform constitutes any of the following:

- (a) A willful failure to deal fairly with the cooperative, its members or stockholders in connection with a matter in which the director or officer has a material conflict of interest.
- (b) A violation of criminal law, unless the director or officer had reasonable cause to believe his or her conduct was lawful or no reasonable cause to believe his or her conduct was unlawful.
- (c) A transaction from which the director or officer derived an improper personal profit.
- (d) Willful misconduct.

**(2)** Except as provided in sub. (3), this section does not apply to any of the following:

- (a) *A civil or criminal proceeding brought by or on behalf of any governmental unit, authority or agency.*
- (b) *A proceeding brought by any person for a violation of state or federal law where the proceeding is brought pursuant to an express private right of action created by state or federal statute.*
- (c) *The liability of a director under s. 185.37 (1).*

**(3)** Subsection (2) (a) and (b) does not apply to a proceeding brought by a governmental unit, authority or agency in its capacity as a private party or contractor.

#### **185.37 Liability of directors and members**

**(1)** Directors who negligently or in bad faith vote for any distribution of assets contrary to this chapter or the articles are jointly and severally liable to the cooperative for the value of assets distributed in excess of the amount which could have been distributed without violating this chapter or the articles. Section 185.367 does not apply to the liability of directors under this subsection. **(2)** Members, stockholders and patrons of a cooperative are neither obligated to pay, nor liable upon, any cooperative obligation, except that stockholders are liable to an amount equal to the par value of their shares for debts due an employee for not more than 6 months' service to the cooperative.

## Sevananda Board of Directors Commitment Letter

Dear Board Candidate,

Thank you for agreeing to run for the Board of Sevananda. The Board's mission is to serve the member-owners, employees, and the community and the following is expected of all board members:

- A three-year term commitment.
- A time commitment of approximately 12 hours per month for board duties.
- You must be a member of Sevananda in good standing, and current on any membership payments if not fully vested.
- Attendance at regular meetings on the third Monday of each month at 7:30 p.m.
- Your participation in the following events is expected: monthly meetings, committee meetings, training retreats, and strategic planning sessions, and membership meetings.
- Service on at least one committee.
- Disclosure of any potential conflicts of interest and agreement to abide by ethics guidelines.

Directors currently receive a stipend of \$100/month and 20% off all purchases. To help with the orientation process, policy and financial training is provided.

A training retreat is scheduled for TBD, 2012

Please contact Calvin Vismale (President) or Leslie Harmon (Vice President), for questions about this commitment letter.

Please sign the enclosed two copies, keep one and mail the other to: Sevananda Board of Directors c/o Sevananda 467 Moreland Avenue NE Atlanta, GA 30307.

Thank you for interest in serving on Sevananda's Board of Directors! We look forward to working with you to implement Sevananda's mission and vision for the future.

Board Candidate: \_\_\_\_\_ (print name)

Date: \_\_\_\_\_

