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Comment: There might be several other Policies important in any particular company. This only indicates some and a system for indexing the manual.
BOARD POLICY 1

SUBJECT: POLICY FORMULATION AND ADOPTION

I. OBJECTIVE OF THE POLICY

To establish the basis for formulating, adopting, publishing and distributing policy statements to be followed by the manager and other employed personnel in accomplishing the viewpoints, objectives, plans and operational requirements of the company.

II. POLICY CONTENT

1. The board of directors recognizes its responsibilities for policy development based upon planning through observation, study and analysis of the affairs of the company and the recommendations of the company.

2. Policies will be developed and placed in written form; all board policies will be placed in a policy manual that is available to the board of directors and supervisory personnel employed by the company. All other employees will have access to a policy manual as needed.

3. The written format for each board policy will be such that the objective, content and responsibility are clearly and concisely stated.

III. RESPONSIBILITY

1. The board of directors is responsible for adopting, auditing and reviewing all board policies.

2. The manager is responsible for developing recommendations to the board as to needs for board policies. Such recommendations shall include the statement of objective, content and responsibility.

3. The manager is responsible for producing and distributing a suitably indexed policy manual, and for keeping it up-to-date so that it incorporates policy changes or additions approved by the board of directors.

4. The manager is responsible for all internal operating procedures that are necessary in carrying out his responsibilities as manager. Such procedures do not require board approval.

5. The manager is responsible for carrying out board policies. He makes further delegations under these policies, as needed.

Date: ________________________________   Attested:  _____________________________________________

Secretary

Review Date:   May, each year
SUBJECT: BOARD - MANAGER RELATIONS

I. OBJECTIVE OF THE POLICY
To define and clarify the relationship between the board of directors as the elected representatives of the owners or stockholders and the manager as the chief executive officer employed by the board of directors and responsible to the board of directors.

II. POLICY CONTENT
The board of directors establishes the following guidelines for its relationship with the manager:

1. Good management is the result of teamwork and is the most important factor for success in accomplishing the objectives of this corporation.

2. In exercising its responsibilities for:
   a. establishing and maintaining the legal entity
   b. acting as trustees of the stockholders' interests
   c. engaging in both short range and long range planning
   d. providing the basic operating requirements for the business
   e. exercising the control functions to insure that results are consistent with expectations,

   the board of directors determines objectives, establishes the organizational structure, adopts policies, provides resources and delegates authority to the manager to carry out plans and programs to accomplish objectives and goals.

3. The manager exercises two main functions in connection with the corporation:
   a. The primary function of the manager is to "manage" - to operate the business - to administer its affairs so as to accomplish the agreed-upon objectives and goals within the framework of policies established by the board of directors.
   b. The second function of the manager is to act as an advisor and counselor to the board of directors, including the use of his staff to provide the necessary informational inputs for making recommendations to the board of directors.

4. All policies of the board of directors shall be adopted by the board at regular or special meetings of the board of directors. The manager shall make recommendations as to policy needs, and changes in policies, and shall be responsible for executing policies adopted by the board. The board, however, shall be responsible for auditing conformity to insure that established policies are effectively implemented, and shall establish a plan for the systematic reviewing of all policies not less than once annually.

5. The manager, in implementing the policies adopted by the board, shall develop and use such procedures and methods as he considers necessary for success.
6. No director, unless specifically authorized by the board to represent it as its agent, shall undertake in private conversation with others to make commitments for the board of directors. Any such action is illegal and shall constitute a serious breach of this policy. Any member so engaging shall be subject to rebuke from his fellow board members.

7. Within the limits set by the personnel policy and wage and salary plan of the corporation, the manager shall select and employ, supervise, make salary adjustments for, promote, or if he deems necessary, discharge any employee of the corporation.

8. Individual board members and officers shall refrain from discussing management or personnel problems with employee personnel, and instead shall upon being approached by such personnel instruct them as to the proper channels for the handling of such matters. On request of the manager, the board of directors may confer with employee personnel at regular special meetings of the board of directors. It shall be clear, however, that the manager is the "link" between the board of directors and employee personnel.

9. The board of directors recognizes its responsibility not only for the selection and employment of the manager, but also the additional responsibility for systematically appraising his performance in order that growth, developments and improvements are encouraged.

10. The board of directors recognizes that efficient management of the company can exist only through mutual understanding and complete cooperation between itself and the manager. The manager is expected to produce results and give an account to the board of his stewardship. To insure his performance optimum, he is given latitude to exercise independent judgment in executing all policies of the board of directors. In return, the board expects faithful performance in the carrying out of all of the policies of the board of directors.

III. RESPONSIBILITY

1. The president of the board of directors shall be responsible for inviting the attention of board members to any non-adherence to this policy.

2. The board of directors shall at the December board meeting each year appraise the manager’s performance and determine his salary adjustment within the approved wage and salary plan.

Date: ________________________________   Attested:  _____________________________________________

Review Date:       May, each year

Secretary
SUBJECT: ORGANIZATION POLICY

I. OBJECTIVE OF THE POLICY
To establish a sound organization structure that will provide the most effective leadership and working relationships to the end that work may be accomplished more efficiently, more economically and with high satisfaction to all concerned.

II. POLICY CONTENT
The board establishes the following policy to be followed by the manager in the development of an organization plan for the company:

1. The organization plan shall be developed from the point of view of the activities required to achieve the objectives of the company.

2. The activities shall be grouped according to the natural likeness of the activities and according to the usual combinations of abilities and interests characteristic of persons.

3. Persons shall be assigned to natural grouping according to their abilities and interests.

4. Each person's responsibilities, authorities and relationships shall be:
   a. fully expressed in written form
   b. clearly understood
   c. accepted by the individual himself, and by all persons affected by that position

5. Delegation of authority and the freedom to act shall be clearly and appropriately defined and be adequate for responsibilities assigned.

6. As many as possible of the decisions affecting specific operations and requiring approval before action shall be made only one organization step (level) above the person putting the decision into effect.

7. No person shall report to more than one supervisor; however, an individual may be assigned by his supervisor to serve or assist another organization unit and receive directions within the assigned sphere of service subject to understanding with the individual's official supervisor.

8. The number of persons reporting to a supervisor shall be few enough so that he can give each person adequate attention when he needs it and still leave the supervisor time for responsibilities other than direction and supervision, such as investigation, planning and doing those things which only the supervisor can do.

9. Recognition shall be given and good use made of the informal organization; that is, the natural grouping of persons based on friendships and like interests for assignment to work programs, projects and schedules.
10. Titles shall be appropriate and consistent.

11. The organization plan shall be kept flexible and sensitive to changing conditions and growing personnel.

12. Coordination of organization units shall be definitely provided both through defined organization arrangements and through defined policies and procedures. Such coordination shall be provided as close as possible to the operations affected.

13. The supervisor who is immediately responsible for an operation shall not have the final control over the reviewing authority for the functions of inspection, quality control or audit of operations.

14. The organization plan shall be clearly and fully described in a written organization manual.

15. One individual who may be assisted by an advisory group shall be delegated the responsibility for keeping the organization manual up-to-date; auditing conformity to it; assuring that everyone affected fully understand the organization’s plans and is trained in how to function effectively according to the plan.

III. RESPONSIBILITY

The board of directors shall be responsible for reviewing and approving a statement of the functions of the board, the delegations to the manager, and the organization structure of the company, and shall review in May of each year, amending as needed.

The manager will be responsible for developing the organization plan to illustrate and describe the structure and functions of the company. The plan is to be clearly and concisely described within the contents of an organization manual prepared by the manager with the advice, counsel and assistance of his immediate staff.

Date: ___________________________________ Attested: _____________________________________________

Secretary

Review Date: May, each year
EXCERPTS ONLY

(These are "excerpts" from Policy Statements of your company which may have some bearing on problems you are to solve on Wednesday night. USE THEM IF THEY APPLY.)

BOARD POLICY 3 - B  Subject: Stockholder Relations

"All complaints from stockholders to individual board members will regard to such matters as policies, procedures, facilities, and the like, shall be reported to the board of directors."

BOARD POLICY 3 - C  Subject: Stockholder Meetings

"Within limits established by law and the legal documents of this company, the procedures in conducting the election of directors to serve on the board of this company shall be as decided by the board of directors from time to time and reported and explained to the stockholders."

BOARD POLICY 5 - A  Subject: Annual Work Plan and Budget

"Within the budget approved by the board of directors, the manager and his staff shall make expenditure decisions without advance approval of the board of directors, except expenditures for any individual item not appearing in the budget and amounting to more than $500 shall require advance board approval."

BOARD POLICY 5 - F  Subject: Monthly Operating Statements and Financial Reports for Board Meetings

"For each monthly board meeting, the manager shall have prepared a statement of operations for the last current month ended, together with comparisons with the same month one year earlier; a balance sheet as of the last current month ended, together with a comparison with the same month one year earlier and other relevant "control" information - such as the comparison of actual experiences for the period under review with the goals of the annual plan of work for the period under review, together with explanations for differences and to include income, volume, expenditures and the like..."

BOARD POLICY 5 - G  Subject: Credit Policy

"Credit policies of this company shall be competitive, and sound for the company, and shall include the following terms:

- 2% discount for cash
- 30 days net
- Credit beyond 30 days shall cost the customer 1-1/2 per cent per month, and
- If extended for 90 days or more shall be supported by a note."

BOARD POLICY 5 - H  Subject: Accounts Receivable

"At each regular board meeting the manager shall present an itemized record, of all Accounts Receivable (including Notes Receivable) of 30 days duration or more, together with the name, amount and age of each such account."
BOARD POLICY 5 - I  Subject: Distribution of Earnings

"Distributions of earnings shall be made by the board of directors annually, subject to the limitations set forth in the legal papers of the corporation, in the manner deemed to be sound and prudent and in the best interests of the corporation and its owners."

BOARD POLICY 5 - J  Subject: Stock Transfers

"All stock transfers shall be cleared through the board directors and recorded on the books of the company."

BOARD POLICY 5 - K  Subject: Contributions and Donations

"It is the policy of this company to support worthy local causes in this community, and to this end provisions shall be made in the annual budget and approved by the board of directors. Individual contributions not in excess of $100 and within the budget, may be made by the manager, with an explanation to the board at the next regular board meeting. All other contributions shall have advance approval of the board, unless unchanged from the last previous year."

BOARD POLICY 6 - A  Subject: Memberships

"The policy of this corporation shall be to acquire and maintain membership in organizations, including other companies of a similar nature that will help this company accomplish its goals and objectives. Such decisions shall be made by the board of directors of the company."

BOARD POLICY 7 - D  Subject: Performance Appraisal, Coaching and Counseling

"Pursuant to the authorization and approval by the board, the manager shall prepare, maintain and use a complete set of position descriptions; salary ranges for each; and a system of performance appraisal and counseling for all employees of the company - with provisions for reporting results to the board of directors."

BOARD POLICY 8 - A  Salary and Wage Administration

"Within the designated salary ranges, and indicated steps for any position, the manager is authorized to make annual adjustments at his discretion, except that upward adjustments of $500 or more shall require advance approval of the board of directors."

......the philosophy of this company is that of paying each employee his worth; reevaluating this at least once each year on a systematic basis and making appropriate salary adjustments. The bonus is not to be used.

BOARD POLICY 8 - D  Employee Training and Education

"Consistent with the philosophy of consultative management in this company, and with the provisions of the board policies under "Management Development", the manager is authorized and directed to develop, conduct and evaluate a continuing program of personnel development within this company, subject to the limitations imposed by the annual plan of work and the budget."