

Establishing the Market's Management

Once an organizational structure has been chosen, the organizing committee must create a board of directors. Once that has been done, the board becomes the decision-making entity for the remainder of the activities involved in creating the market's organization.

This chapter will enable you to:

- ▶ **Establish an effective, productive board of directors.**
- ▶ **Write a mission statement that reflects the identity of the market you are creating.**
- ▶ **Understand the steps involved in setting up the market organization, including articles of incorporation and bylaws.**

Establishing the First Board of Directors

Unless the market is a sole proprietorship, the answer to the question "who makes key decisions about market activities?" should be the board of directors. Some organizational structures for farmers markets, such as those that are sponsored by an umbrella nonprofit, do not require a separate board. The board of directors oversees many aspects of a market's operation and is a required organizational component of a nonprofit corporation. If a farmers market is a nonprofit, tax-exempt corporation, otherwise known as a 501(c)(3), it must have a board of directors that is responsible for directing the organization.

Guidelines for how the board shall conduct itself should be clearly stated in the organization's articles of incorporation and bylaws. These rules differ from the market rules (Chapter Fifteen) in that they pertain solely to operation of the board and oversight of the organization. If the market seeks incorporation, it will have to file these documents with the appropriate

state authority. This authority is usually the secretary of state or the state's corporation commission.

Because these documents establish the internal legal functions of the organization and are as binding as any other law passed by Congress or the state's legislature, they should be carefully drafted to ensure that they meet the group's needs. Refer to the articles of incorporation and bylaws of other markets in the state for guidance. The National Center for Nonprofit Boards and the Internet Nonprofit Center are also good resources for creating board guidelines.

Who Are the Directors?

The board of directors is responsible for the overall vision and for governance of the market. Once the board and the market are established, directors are generally elected by the market's membership on an annual basis. The first board, however, will be established by the organizing committee and may include organizing committee members who are willing to continue providing leadership and direction for the market. There also may be additional community members who are desirable candidates.

The members of a board of directors have inherent obligations to represent:

- The public, ensuring that their best interests are represented.
- The government, ensuring that the organization's funds are used for organizational nonprofit purposes rather than for the financial gain of board or staff members.
- The donors, ensuring that their funds are spent for maximum impact in accordance with the stated purpose of the organization.

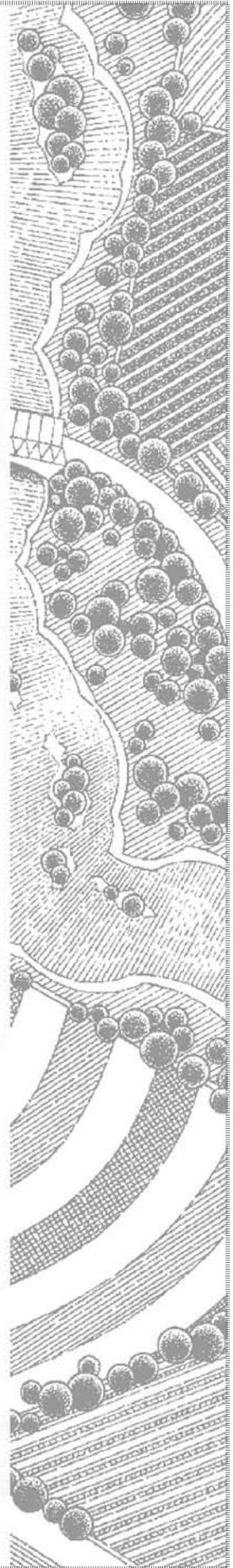


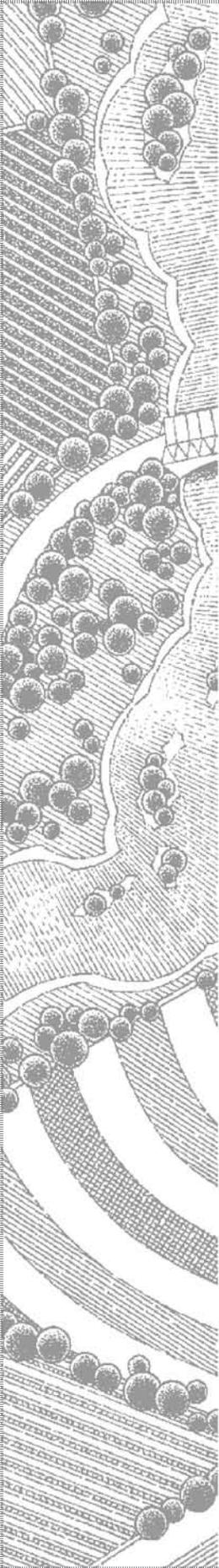
Many farmers markets have a board of directors even if they have not obtained nonprofit status. The board is a valuable asset that offers essential guidance in starting and developing the market.

Roles and Responsibilities of the Board of Directors

The purpose of the board of directors is to provide vision, direction, and governance to an organization. The board is responsible for shaping the market and its success in many ways, including providing direction in strategic planning, monitoring, evaluation, public relations, and promotional activities. Boards of directors generally consist of several officers (chairperson, co-chairperson, secretary, treasurer) that are defined in the bylaws. The manager may or may not be a voting member of the board as defined by the bylaws.

In theory, the board works closely with the market manager to assist in development and implementation of long-range plans as well as with day-to-day activities. In reality, the level of board involvement for a farmers markets depends on the way the board is structured, its relationship to the manager, and the time, assets, and strengths that individual members bring to the board.





Responsibilities assumed by the board fall into two general categories: governance and support. Governance refers to broad-based policy-making activities that address the benefits and services the organization provides. Support refers to day-to-day activities, conducted through committees or on an individual basis, that further the goals of the organization.

The exact responsibilities of the board will vary from market to market, but they may include some of the following:

- Long-range planning and goal-setting.
- Setting policies and fees for the year.
- Developing market rules.
- Establishing an annual budget.
- Providing direction to the market manager.
- Supporting the manager in conflict situations and intervening if necessary.
- Making major staffing decisions.
- Overseeing promotions and marketing.
- Developing fundraising strategies.
- Acquiring liability insurance.
- Recruiting new vendors.

The board is responsible for drafting the market's rules. Market rules are a set of guidelines that establish policies specific to vendor membership fees and other such conditions that potentially affect activities at the market that are otherwise unregulated by local or state law.

Types of Farmers Market Boards

The organizing committee may choose from several different models of board leadership in establishing the first board. While there is no single "right" way to organize and recruit for the board, it is important to assemble a governing body that has the time, energy, and skills to assist in key efforts of the market. Many farmers market managers believe that the most effective market board is one that reflects the diverse interests of the surrounding community as well as the geographic region in which the market is situated. The three typical types of boards employed by farmers markets are vendor-only boards, vendor/community member boards, and organizationally driven boards.

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Vendor-Only Boards

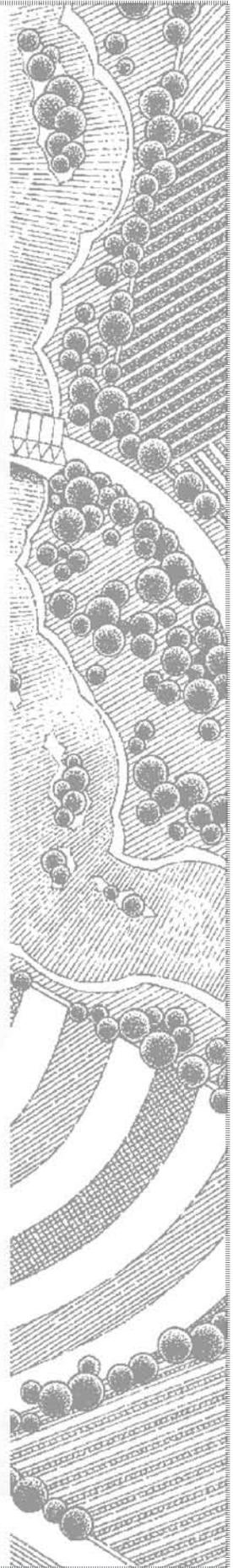
Vendor-only boards are boards whose members are exclusively market vendors. This type of board ensures that all members have a strong interest in the market, as each member has a primary stake in the market's success and profitability. The policies and procedures set by this type of board more accurately reflect the realities of the market since vendor-members have a firsthand familiarity with its day-to-day operations. At a minimum, a few board members will always be present at the market to assist, particularly in situations of conflict.

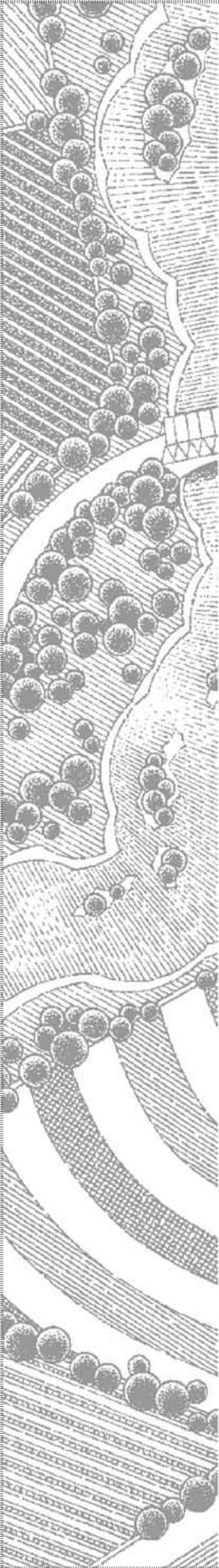
Vendor involvement on the board can create conflicts of interest. The division of roles must be clearly defined at the outset. A board member may be personally involved in a dispute with another vendor, for example, and may have difficulty separating his or her roles as a board member and as a vendor. Conflicts of this nature may arise if board members perceive themselves to be in competition with other vendors or if they are good friends with other vendors who are not board members. Such situations cause misunderstandings and make it difficult for boards to make decisions that are in the best interest of the market as a whole.

Vendor-only boards also may be weakened by peak-season market periods (summers) and/or vendors who sell at more than one market, which results in vendors being too busy to attend to board-related issues. In some cases, these members may rarely attend the market, sending an employee instead, which renders them less connected to day-to-day issues at the market. As one manager stated, "Farmers are not bureaucrats. I have a hard enough time getting them to fill out paperwork, let alone attend meetings and engage in strategic planning." Boards comprised entirely of vendors may rely more on the manager to build community relations since most vendors will not live in town or have nonprofit management skills. In these cases, the manager may end up directing the board rather than the other way around. With no community representation, the board also may have a difficult time understanding and responding to the issues and needs of the community in which the market operates.

Vendor/Community Member Boards

The vendor/community board is one that is comprised of a mix of market vendors and community representatives. This is a common structure for many small-town farmers markets. Board members each bring various strengths, including legal or financial expertise, ties to the business or political community, and strong marketing and public relations skills. A board can maximize its effectiveness by building on the individual strengths of its members in ways that complement rather than compete with each other.





Vendor/community boards have direct access to an awareness of vendors' issues and also reflect the interests of the community. Board members who are local residents may be more in tune with issues that affect the market and consumers and may be more connected to resources that can assure the market a strong position in the community.

On the other hand, board members who are less familiar with the realities of farming and direct marketing must pay extra attention to the concerns of vendors. They should understand the importance of working to serve the interests of the vendors as well as those of consumers and the larger community. As one board chairperson said, "The diversity of the board is our greatest strength and our greatest weakness. The challenge is to live with the conflict that diversity brings."

Organizationally Driven Boards

The organizationally driven board is usually the choice of nonprofits or local business organizations that sponsor farmers markets, such as downtown improvement districts and community development organizations. Markets sponsored by these types of organizations may have boards that have less connection to the people involved in the market. For example, a market board may be made up of business owners from the downtown area where the market is located, providing no vendor representation. As one manager said, "Our board members connect us to the downtown district really well, although they do not shop at our market."

Organizationally driven boards can offer substantial business expertise through their members, as well as strong ties to the local business community. In such a case, the market manager must ensure that vendor interests are well represented and may act as a liaison for communication between board members and vendors. Closed communications will lead to a closed market. If you choose to have an organizationally driven board, keep in mind that strong communication and management skills, which are always essential for market managers, will be an even higher priority when it comes time to hire the manager. With this type of board, vendors may feel that too much of the decision-making process is beyond their control. Vendor investment in the market may be more difficult to achieve later if the infrastructure does not include vendors in the larger context of the organizational structure.

Establishing the First Board of Directors

The type of board that the organizing committee establishes depends on the organizational structure and the committee's view of the board's role. If the organizing committee decides to pursue an informal agreement among producers, or to structure the market as a private for-profit business, there may be no need for

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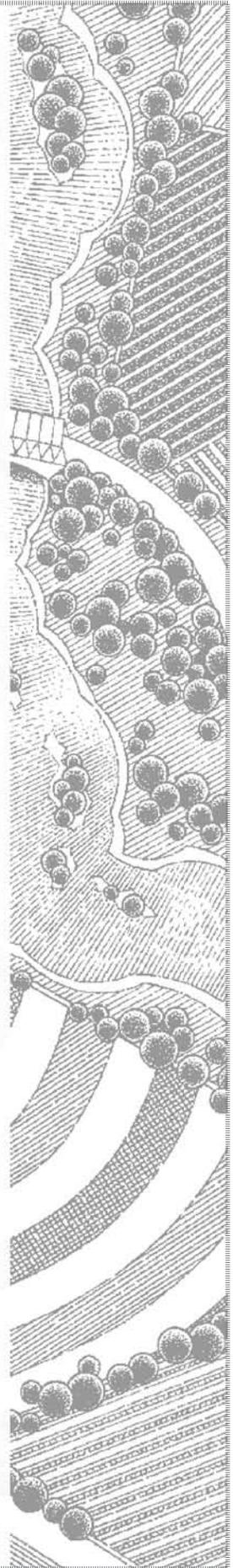
a formal board of directors. If the committee pursues or arose out of sponsorship by a larger organization, whether a public agency like the mayor's office or a private nonprofit such as the Urban League, the board will likely be organizationally driven. If the committee decides to establish the market as an independent, nonprofit organization, any of the types of boards described here might be created, according to the committee's view of the board's role in the market.

The organizing committee should consider potential board members with the following questions in mind. This process is most effective if each member considers the questions individually and then the group discusses and resolves differences in a meeting to nominate potential board members.

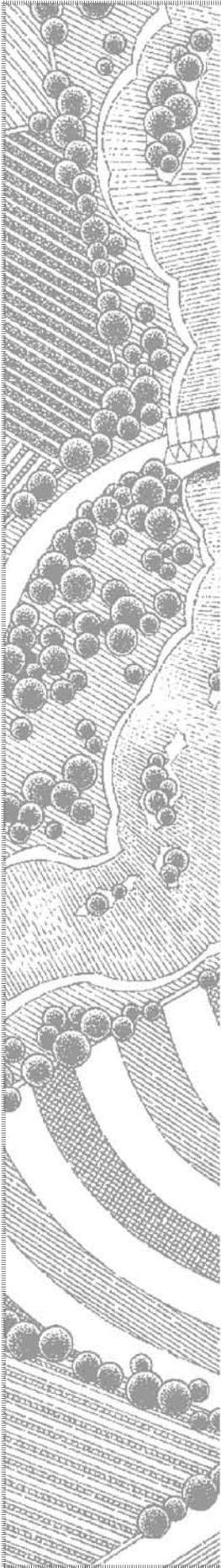
- Using the information in the preceding section, what will be included in the "job description" for board members? What level of commitment does the committee anticipate (e.g., two hours per week, five hours per week)?
- Who are the organizing committee members who want to continue on the board and what qualities and skills do they bring to the board?
- What qualities and skills are missing?
- How important are the missing qualities and skills to the committee members?
- Can the market compensate for the lack of those skills on the board by prioritizing them in hiring a market manager?

Once the organizing committee has achieved a level of agreement that allows it to make a decision about the answers to the preceding questions, it can establish criteria for evaluating anyone who is suggested as a possible board member. If all members of the organizing committee know the types of board members needed, it will be easier to evaluate candidates based on whether they meet the criteria rather than on more personal factors. Using the criteria for skills and characteristics needed on the board, the committee can identify individuals as potential board members and evaluate the nominees.

Before making a decision about potential board members, take another look at the vision statement for the market. Are the nominees likely to value and agree with this vision? Will they work to support it? If you do not know, you can ask the nominee to look at the vision statement and indicate his or her willingness to support it. If the nominee cannot support it, you should probably look for a nominee who is more likely to commit to the market's vision. Once the nominees have been chosen, the committee should appoint someone to either contact or write a letter of invitation to each nominee to serve on the board. Before officially establishing the board, the organizing committee can hold an orientation session for potential



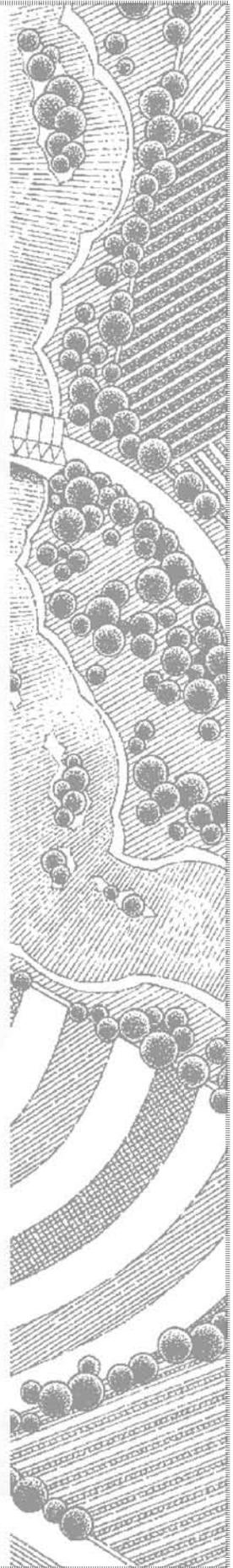
or new board members that reviews the vision for the market and expectations for the skills and commitment of time required of board members. If, after the orientation, anyone opts out, the committee can then find someone to take that person's place before the board begins its term.



Establishing the Market's Structure and Organization

Once the board of directors is established, it will need to create much of the formal structure and rules for the market. The first issues for the board to address are:

- ▣ **Establishing the articles of incorporation and bylaws.**
- ▣ **Choosing a name** for the market and for any other organizations and associations that the vendors contemplate forming (e.g., "Alpine Tuesday Farmers Market" or "The Alpine County Farmers Market Association").
- ▣ **Developing the mission statement.** What is the purpose of the market and the organization? Examples: "To provide consumers with _____ and farmers with _____." "The association is created to provide an organized body to _____." The mission statement plays an important role in establishing the character of the market as well as the rules that will guide its daily operation.
- ▣ **Establishing committees.** Many market founders find it useful to allocate some of the more challenging responsibilities to subcommittees. For example, a safety committee and an appeals committee are two groups that can help in the process of making decisions, evaluating problem situations objectively, and enforcing the bylaws.
- ▣ **Developing the bylaws** by which the market as an organization and the board of directors will operate.
- ▣ **Implementing provisions of the bylaws**, such as designating the board officers.
- ▣ **Covering board member liabilities.** Depending on how it is organized, the association of vendors may or may not be liable in case of accidents. Research this issue with a local attorney. Example: "No person who is now or who later becomes a member of this association shall be personally liable to its creditors for any indebtedness or liability." This statement offers some protection against individual member liability.
- ▣ **Determining fiscal provisions.** The market must determine when its fiscal year begins and ends and who will be authorized to act on behalf of the organization (e.g., to open accounts and sign checks). Before the market finalizes the articles of incorporation and bylaws, ask a local attorney to review them.



Developing the Mission Statement

One of the first activities of the organizing committee was to discuss and develop a vision statement for the market and its role in the community. The vision statement is a broad statement of the place of the market in the community. The mission statement is a concrete, specific statement of the major goals of the market organization in seeking to realize the vision of its founders. Clarifying and synthesizing the group's purpose and beliefs in a written statement makes it easier to present the concept to growers, the community, and others.

The answers to two questions—"What are the market's goals?" and "What are the market rules?"—are reflected in the market's mission statement and in the bylaws. Even if the market will not incorporate or have nonprofit tax status, it is a good idea to put the market's goals in writing. The mission statement should:

- identify the market's goals, and
- provide philosophical direction for developing the market's objectives.

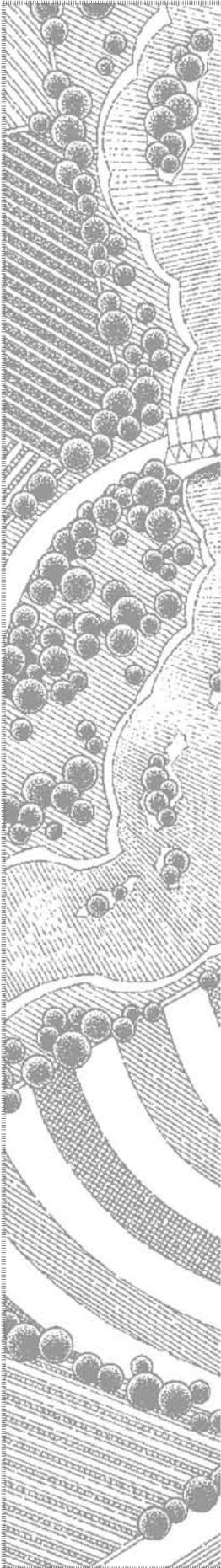
A clearly defined mission statement gives the market a starting point for long-range planning and major decision-making.

The organizational mission statement should be agreed upon and supported by everyone on the board.

Step 1. To define your market's mission and develop a mission statement, first look back at the vision statement created by the organizing committee at the beginning of the start-up process. Board members should have seen and committed to working toward this vision when they were recruited, either for the organizing committee or for the board of directors. The mission statement should grow from and be consistent with the vision statement. Write the vision statement on a large piece of paper or a whiteboard with plenty of room around it for ideas about the mission.

Step 2. With the vision statement on a large piece of paper or whiteboard, start brainstorming actions that would be most effective in achieving the vision. Brainstorming simply means getting all ideas on paper without judging, censoring, or evaluating them.

Step 3. When everyone's ideas have been listed, begin to evaluate them. Which ideas are not actions or cannot be turned into actions? Set those ideas aside (they may be great ideas, just not mission statement material). Which would be the most effective actions (big steps versus little steps—the mission involves giant steps)?



Developing the Articles of Incorporation and Bylaws

Articles of incorporation should be written with legal guidance. The bylaws of the market establish the rules by which the board will operate and typically address the following items.

- The name of the market.
- The market's purpose and mission.
- Rules that govern membership and membership fees.
- The composition and powers of the board of directors, committees, and officers.
- How and when meetings are held and how decisions are made.
- Fiscal matters such as the beginning and end of the fiscal year.
- Accounting practices.
- Access to records.
- A process for amending the bylaws.

Consult bylaws established by other farmers markets for templates.

Final Thoughts on the Structure of the Market

Establishing the market structure may involve a need for legal advice and certainly requires detailed foresight and planning. However, once a well-planned structure is established, the market will be solidly positioned for the future, and the manager and succeeding boards of directors will be able to attend to the maintenance and growth of the market.

