



Columinate

Catalysts for Common Good

Discussion and Process Guide for GM Compensation

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This discussion guide is meant to accompany the process for setting General Manager Compensation as set forth in documents in the Columinate library. Please discuss this process with your CBLD consultant to find an approach that works for your cooperative. This process is based on the CBLD Policy Template C2 - The Board's Job. If your board has a different policy, be sure to follow the policy you have.

The board is responsible for setting the GM's compensation as part of its central responsibilities. While this conversation may be loosely informed by the GM evaluation process, they are two distinct responsibilities. The goal is to make the process as strategic and equitable as possible.

Preparing for the GM Compensation Process

It's never too early to communicate clearly with the whole board around GM compensation processes. Make sure the timeline is clearly denoted on your annual calendar. Make time for everyone to get their questions answered around the process. Setting GM compensation is one of the most important strategic duties of the board. Ensure that everyone understands the gravity of this responsibility and is able to speak with one voice on the matter.

It is useful to review the process with the entire Board in the months preceding to running the process, so everyone is familiar with and ready for what is coming up. It can be helpful to take some time to have the board process any individual biases or historical attitudes around money. We all bring our own experiences to board service, and this is no exception; indeed it can be a particularly fraught topic for people. Encourage some self-reflection on the topic, privately for board members. What experiences have I had, good or bad, in asking for fair compensation? Is it hard for me to talk about money? What about my other work experience, with both being a supervisor and a supervisee? How might that color my experience of this compensation process? By naming our personal associations with money and how they could interfere with the process, we lay the groundwork for dealing with this later as it arises.

In addition to some personal reflection on the matter, it's also helpful to regularly review the GM compensation process as a whole to ensure your board has a shared understanding of the process. Ask yourselves as a board: is this still the process we want? What tone does our process set, and is it the tone we want? Does it work for us and for our GM? How are we



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evaluating the proposal we receive? What are our expectations? These written answers can be distributed to the entire board as part of that month's board packet.

Develop the Request For Proposal

Once the board has determined that the process you have is the process you need it's time to develop the Request For Proposal (RFP) which you will use to set the criteria for the GM's compensation proposal to the board. This will take the guesswork out of determining if the proposal is reasonable; if it meets your criteria, and you have no further questions, you can proceed. See the Sample RFP for some ideas of certain criteria, including that the compensation plan can be a two-year plan

Delegate the creation of the compensation plan

Once the board approves the GM Compensation RFP it hands it off to the GM, who then develops a compensation proposal. The proposal should specifically address each of the criteria included in the RFP so that all board expectations regarding GM compensation have been addressed. Adequate time should be allowed for the development of the proposal, typically 1-3 months.

Receive the GM's Compensation Proposal

In executive session, the board will review the GM's compensation proposal. Does it address all elements identified in the RFP? Is the board ready to accept the proposal as written? If not, why not? If negotiation is the next step, consider delegating it to two or three directors to discuss with the GM in person. If you are negotiating, ask yourselves if the point on which you are negotiating was explicit in the original RFP.

Finally, it's worth reflecting on how the process worked for you. How did the board's early reflections on the strategic value of the GM compensation setting process turn out? Did you veer off track at any point in the process? How will you recall these points two years later when you need to do it all again?