



Monitoring Reports: Closing the Loop on Member Expectations

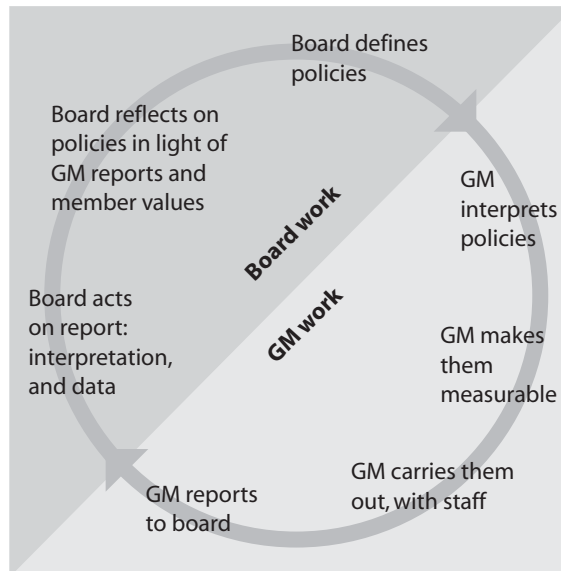
BY PATRICIA CUMBIE

At many food co-ops, members have expressed the desire that their co-op make a real difference in areas like community, education, sustainability, or supporting local food and economic systems. Local board of directors, accountable to the members, have taken these aspirations and created policies that guide the activities of the co-op to these ends.

How does the board know its expectations are actually being met? One critical way to account for that knowledge gap is through the general manager's providing monitoring reports with policy interpretations and compliance data to the board. General manager monitoring reports can create a strong infrastructural alliance with the co-op's mission, planning and activities, as well as demonstrate the results with measurable goals.

General managers are taking on the task of providing policy interpretations and data in ways that they might not have in the past. "The monitoring process has been a huge revelation," said board consultant Mark Goehring. "The board has written expectations and delegated authority. The general manager shows how the organization is responding to the expectations via the monitoring reports." For many managers it has sparked a new way of thinking about how planning, operations and mission are linked, and how the monitoring process helps strengthen those ties.

The reporting process is designed to



specifically address whether board expectations are being met, not to keep the board "informed." Goehring said, "It's a much larger role. It's about accountability to the member owners."

Goehring said it's in the monitoring process that managers add their own voice to the accountability chain. They can show how they're going to organize their work around policy expectations and how their interpretations of board policies guide what's going on at the co-op. "The monitoring process is what connects it all: The values of member-owners, board expectations expressed in policy, and the manager's demonstration of how those values and expectations have been operationalized," he added.

At Three Rivers Market in Knoxville, Tenn., general manager Jacki Arthur said that

Order (and Beauty) Out of Chaos

Not long ago I was at the public library when someone made a comment in jest about "crazy artists." The artist stereotype conjures up an image of a person enmeshed in a chaotic approach to work, finding amidst the mess true genius, slap dashed with an air of mystery. Now insert the word "co-op" instead of artist in the stereotype.

The reality is that most artists (and co-ops) have built into their work and lives structures that allow them the capacity to construct what they've set out to do. The creative process itself might look different from an ordered classroom, but to bring vision into focus requires the usual stuff—commitment to a course of action and the discipline to stick with it.

Some people might not think that a food co-op's board policies or the general manager's monitoring reports are on par with creating something like the Brooklyn Bridge, but I'd disagree. The impetus is the same in our co-ops: to create something that is practical and useful, that brings people together, and hopefully, will be a thing of beauty.

We've learned a lot about the benefits of the Policy Governance model in our co-ops. In this issue, we study how the general manager's interpretations create a visible link with what co-op members want and how those expectations are being met. It has also served to inspire a very talented group of people and make so much more possible.

—Patricia Cumbie



Our Mission

CDS is dedicated to building and strengthening cooperative businesses by providing consulting, training and development services.

CDS includes a network of independent consulting professionals experienced in all aspects of developing food cooperatives. CDS consultants have worked on over 500 projects and will tailor their services to fit your needs and deliver results.

Board Leadership Development

- CBLD—Cooperative Board Leadership Development
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- Strengthen board/manager relations
- Accountability and Policy Governance™
- Member owner linkage

Expansion and Relocation

- Expansion planning
- Financial pro forma
- Capitalization and member loans
- Business strategy
- Market, location and site analysis
- Trade area and market penetration analysis
- Project management
- Store planning and design services

Improving Operational Performance

- Business planning, goal setting and monitoring
- Audit and strengthen operational systems
- CoCoFiSt and CoCoFiSt workshops
- Margin enhancement
- Labor controls
- Merchandising
- Financial system design and assessment
- Management training, coaching, and support

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she found that as the board pushed itself to be clearer and stronger, she did likewise in her role.

Arthur believed part of her process was finding a good format for reporting to the board. She had a breakthrough when she determined that it wasn't just a matter of "giving them what they want" but thinking about it from their perspective. If she were a board member, what would she expect of her manager? She believed that upped the ante on her work and raised the level of importance of monitoring for the co-op.

"I put the onus on myself to set the standard for the reports," she said. "If the policies are relevant, the voice of the owners is channeled to you," said Arthur. Not only that, but the process allowed her to connect the dots with

operations and co-op responsibility. "You can see how the policies have a holistic relationship with business planning," she said.

Holly Jarvis, general manager at Food Front in Portland, Ore., has also been actively focused on the interplay of mission and operations through monitoring at her co-op for several years. Like many other managers, she noted the first year of creating interpretations of policy and reporting on compliance or noncompliance with them involved a learning curve.

She said that policy governance and the monitoring process is worth it, and has made her job, if not easier, much more focused on planning member-driven outcomes.

Over the years she has continually moved the co-op's operational activities closer to its ends policies and has involved more staff in understanding their role and purpose in the larger scheme of things. "I got my management team involved from day one," Jarvis said, as she worked with them to help her create

monitoring reports for their particular areas of responsibility.

During the start up phase of her board's work with board policies, she also included key management staff in policy governance training. As new managers got hired, the board policies were integrated into their orientations. The policies play a role in her management team's agendas, and the use of the ends policies are part of the work they do with staff in their own departments. "I encourage them to

involve more people," Jarvis said. "We use ends policies from the management level on down. Our department heads and buyers know the policies. So when the store sets goals, they are always tied back to how we further the ends."

Goehring said Food

Front is a positive example of the vital role monitoring reporting can play in accountability to members. Clearly, it's much more than a make-work activity to placate the board. The process encourages managers to apply their expertise and creativity toward greater focus on helping the co-op accomplish its goals.

It also takes tremendous focus and commitment to do it, and that's why the Cooperative Board Leadership Development program (CBLD) is committed not only to helping boards govern effectively, but giving managers

the tools to demonstrate accountability. Goehring said, "As a best-practice, monitoring reports are vitally important. But they are just tools that allow general managers to operate with creativity and confidence, and that allow boards to have a clear method of being accountable for all that goes on in the co-op—including the difference owners say it should be making in the world. Imagine what kind of impact this process will have on what we can accomplish."

"If the policies are relevant, the voice of the owners is channeled to you."

—Jacki Arthur

Monitoring Workbook Hot off the Press

MonitoringFEST!: Building General Manager Interpretations is a new guide general managers have been waiting for to help with writing monitoring reports and interpreting board policy.

"I felt like the light bulb went off and now I 'get it' in a way I never did before. My board and co-op will definitely benefit from the improvements I expect to be able to make to my monitoring reports."

—Holly Jarvis

Contact Mark Goehring at markgoehring@cdsfood.coop (or your CBLD consultant) for a free copy.

CASE STUDY

Monitoring as Dynamic Force

Stuart Reid's monitoring reports to the board at Just Food might not literally spring off the page, but when his monitoring reports are done well, it's much more than navel gazing. Reid said that a conjunction occurs that has created a dynamic force through which the activities of the co-op are strictly expressed and duly carried out on behalf of the members.

As Reid was writing his first set of interpretations, he was also concurrently doing the business planning for Just Food. "When I pulled the two together I saw how I could directly address the ends policies through my work." He believed that the co-op's business plan wouldn't have been as strong and focused without considering its link to board policy.

"The policies are a living document. It's not just something you pick up when there's an argument," he said. Through training and practice both he and his board have made the monitoring process at Just Food an important tool in their approach to governance and accountability to the members. Reid believes it's a critical part of the planning process of the co-op, especially as a startup venture.

Writing monitoring reports and interpreting board policies had been challenging, Reid admitted, as he learned how to do it well, but he said it was very worth the effort. "I realized I had been doing monitoring reports that were not up to snuff," he said about his early efforts, but through the CBLD program he got input on how to improve them. In his first year he said he "cherry picked some" from other co-ops and wrote others from scratch. "The ownership of writing them yourself is valuable, and it justifies the time and energy you put into them," he said. "The benefits of doing this are that the expectations are very clear. The board and general manager knows how they'll work together."

He said that going into his second year writing monitoring reports and interpreting policy is much easier because he's not starting from scratch. That doesn't mean that their significance is not top of mind. Reid said, "Every time I go through this it really refocuses me on my job...why we are here and what we want to accomplish."



Just Food

Northfield, Minn.

Founded: 2004

Number of Members: 1,400

Equity Investment: \$125 per household

Number of Staff: 45 employees

Retail Square Feet: 4,200 retail

Ron Griffith, president of the Just Foods board said that since their policies are also newly created, the monitoring reports and interpretation of policy from the general manager are also invaluable feedback on the board's attempt to be sure they clearly articulated what they want. "As we've received monitoring reports we get feedback on what the general manager is doing and the expression of our real intention."

Like anything, this process involves time, trust and resources, but the benefit to boards from Griffith's perspective is that it focuses the work of the board on the future and what they want the co-op to be, not the co-op's operational capacity, which is the general manager's job.

"The general manager has to make interpretations of policy in confidence. It's the board's job to make them clear enough." He said if there is something at issue they may either revise their policy to deal with it or accept the manager's interpretation of it. He perceives this is part and parcel of the process of laying the groundwork for a bedrock system of member accountability.

Welcome Bentley Lein to Our CBLD Team

In the spirit of gathering, developing and providing the best resources to



co-ops, CDS and the Cooperative Board Leadership Development team (CBLD) is pleased to welcome **Bentley Lein**, a consultant who has been actively engaged in the process and practice of community and organizational development for over 15 years. He has experience working with boards and organizations in the private, public and nonprofit sectors.

Michelle Schry of People's Food Co-op in La Crosse, Wis. said, "Bentley came onto the board of People's Food Co-op during a particularly divisive time. His commitment to transparency and process helped to turn our board around. Bentley has spent much of his professional life working as a consultant to boards...he is someone enlisted by many boards to help them in their process."

The CBLD team continues to grow as it evolves a system-wide board development program to help boards and directors do their jobs well. This fall CDS is developing a menu of cross-cooperative trainings on timely governance topics to include in CBLD 2007.

For more information, contact Mark Goehring at 802-380-3828 or markgoehring@cdsfood.coop.

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