

Solutions

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Purpose Driven Cooperative Boards

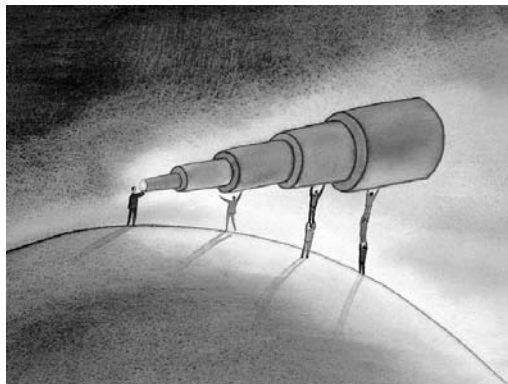
BY PATRICIA CUMBIE

When new wave food co-ops started around 30 years ago, they made natural food accessible to many communities in America, and in the process created a very dynamic niche in the grocery industry. Like other progressive movements at the time (peace, ecology, feminist, civil rights) we have experienced some success, expanded our influence and drawn some criticism from founders. With that, we need to reexamine who we are now and how we can keep making a difference.

People may not have adequately understood back then the power of co-op ownership to create community wealth, and that sound business practices were critical to fulfilling the mission. Our food co-ops have matured, changed tactics, and have needed to rearticulate who we are now for lots of reasons, not just the growing prevalence of natural food in the marketplace.

It is the role of the board of directors to do the work of answering big and sometime nebulous questions. Is principled commerce relevant to our communities? If it is, what is its purpose today and into the future? In addition, how do board members articulate and define their co-op's vision to the managers who carry the message out to the public day-to-day? The board's work in this area can have an enormous impact on asserting the outcomes of co-op, not only for the marketplace, but for the community as a whole.

Board consultant Mark Goehring said that the boards that focus their energy on the co-op's purpose, viewing their work



as stewards of the co-op's mission, bring high value to the co-op and community. "Shepherding the co-op's vision allows leaders to have a real impact. It says that you're willing to take responsibility for the future." Goehring noted that doing this work sometimes takes an important leap of faith.

To some boards, it may feel very abstract to deal with questions of vision and purpose when they feel busy enough with working in the here and now. Taking the time to learn and explore through that process might feel impractical given the time constraints on a body of volunteers, yet Goehring said, "It might be a matter of redefining how a board spends its most precious resource, its time. If the board doesn't do this work, who will?"

Goehring said board members can practice a leadership role by thinking about the future and considering the desired impact they want the co-op to have on the world, rather than working on programs or activities for the co-op. "It's tricky, though, because sometimes we need to talk programs and activities in order to have the bigger conversation about outcomes and improving lives and the community," he said.

Boards Bring It Together

In this issue we continue our series on the cooperative identity. We look this time at how boards define their vision to manifest the co-op's purpose.

The Rochdale Pioneers manifested their vision for economic democracy by opening a grocery store that eventually gave way to an international cooperative movement. Why didn't they put their mission-driven energies into a nice quiet nonprofit that didn't have all the messy distractions of retail? The fact is, the strikes, aid societies, and utopian movements of the day just didn't get at the heart of the matter. They saw the path to improving their lives was about economic justice, and there was no better way to manifest that than through democratic ownership of a business enterprise. It was a radical idea then, and remains so today!

The work of a co-op board can change lives through ethical business. The Rochdale Pioneers proved it. They may not have set out to found international cooperation through their store, yet their commitment to making their own lives better brought it all together. That's the simple lesson of the Rochdale Pioneers.

—Patricia Cumbie

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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
- Board training and facilitation
- 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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Boards have to provide appropriate structure to their discussions to ensure that they accomplish their goals. Goehring said that having clarity around roles and responsibilities is often the first step. "You don't need to duplicate the role of the general manager. That's a different job," he noted. Boards also need to have their own

work plan. They do need to connect "what's the point?" with what the manager is doing, but how they answer that question comes from their own process and perspective as owner representatives, rather than in reaction to the manager's work and role.

Once a board has clarified roles and responsibilities and determined a process for working on the big questions, how do they actually begin to have those productive conversations?

Linda Stier is a board trainer and consultant, as well as a director at Weaver Street Market in Carrboro, North Carolina. "Whenever the question arises, I've always returned to basic governance principles and the co-op principles." Stier said it's essential for boards to use those principles to frame their questions around the co-op's purpose.

What was the co-op's original intent, and how might that have changed? For example, if the co-op was founded to bring the community wider access to natural food, and it's possible that it's widely available now, is providing access to natural food still the goal or is it something else? She also said it is critical to ask what difference the co-op makes in the community. If there were no co-op, what would be missing?

"When boards start to answer these questions what comes up is a bigger world view that goes past selling food, to things like the local economy and broader community," Stier said. "When boards engage in it—articulating the intangible thing that the co-op provides—people get excited about it. When people see the co-op for what it is and could do, they automatically tap into a bigger network."

Goehring also guessed that in the early days food co-op governance had been defined by the necessity of intertwined roles, for example the board treasurer might have been the co-op's bookkeeper. Today, boards can delegate those functions through its general manager,

"The board's role is to address how they can improve lives and the community through the cooperative into the future."

—Mark Goehring

freeing them to do the work of engaged discussion about the future. "Today's work is different and it can be very satisfying and valuable," said Goehring.

If the food co-op is an example of what it means to create community, then growth or expansion is expression of those values, not just development for

the sake of it. Bill Gessner, who helps co-ops with business development and project management for expansions, said discussions about expansion feasibility also need to include an examination of the reasons why the co-op wants to expand. "Expansion planning would go better if boards focused on how the expansion serves the ends of the co-op. That's part of assembling a vision and building a plan out of that vision," Gessner said.

The board's role is to engage in discussion about the co-op's purpose and loop that back to the membership and community. Talking about values and food and community is a bit more challenging, but clarity can help make a truly expansive vision into a reality.

So where does the board's fiduciary responsibility and the general manager's accountability to the retailing part of the co-op fit into the development of this vision?

The store is the economic engine of the cooperative vision, and that's a core part of what makes a co-op different from a mission-driven nonprofit. Co-ops perpetuate ethical commerce through its economic activity. A co-op user is connecting to the greater good, but even if they are not necessarily aware of it, the co-op has still achieved its purpose through an economic transaction that makes a difference in our world.

Through the board's process of defining the co-op's vision, they can create policies that guide and direct the general manager's operational activities to this end, clarify the co-op's purpose to the members, and develop a process to impact the future in their community. "What makes us different doesn't have to be something at the global level, like world peace," Stier said. "But if we are willing to grapple with who we are in the world, we will appeal to people way beyond who we think it will and we will have made a big difference with our co-ops."

CASE STUDY

Hanover Board Process: Understanding Our Potential

For a co-op that's over 70 years old, like Hanover Consumer Cooperative Society, you'd think defining the co-op's purpose and identity would be old hat. However, in a thriving co-op, especially one with a long history, having the board regularly revisit the topic is a necessary practice. As time goes on, it's very likely that many things about the co-op have changed since the beginning.

At Hanover Co-op, the board has just completed a process to define their ends policies—or what they call the results they aim to create in the world. Board president Don Kreis said that when they adopted policy governance six years ago, they developed a set of policies that “passed muster,” but they wanted to do more work on them to make them more meaningful, powerful, vital. Three years ago they began refining the policies and defining the co-op's purpose and vision.

When they began the process, they engaged in two critical activities. That year the board went to the Consumer Cooperative Managers Association (CCMA) conference and was influenced by speeches by Michael Hartoonian and Brett Fairbairn about how cooperatives have the power to have a real impact on things like wealth and happiness in a community. Bolstered by that level of thinking, Kreis said, they began to think about how their co-op board could begin envisioning that for Hanover.

The second thing the board had to learn how to do, Kreis said, “was to stop wasting time on near term day-to-day stuff.” He said that board training helped with this, along with the realization that they could monitor the general manager's compliance with their executive limitations policies. “We know our management is principled and competent. We saw that we had a great opportunity to do this,” Kreis said. Once the board let go of management-level issues, they were greatly freed up to consider the co-op's future.



Hanover Consumer Cooperative Society Hanover, New Hampshire

Founded: 1936

Number of members: 13,000 households

Equity investment: \$50 per household

Number of staff: 350

Locations: Three grocery markets and one auto service station.

“We wanted to learn together about our co-op's potential in the community,” Kreis said. “We asked ourselves, what things do we want the co-op to be responsible for in the future?” The board began to envision the outcome of this equation: Because of all we do at Hanover, we will have X.

“We're not the perfect co-op,” Kreis said, and felt that through the assistance of board leadership trainer Mark Goehring they were able to be more mindful and stay on task. “Like anything that's hard, it takes practice and bad habits can develop. We have to keep ourselves disciplined to keep going.”

Now that they've gone through the process of defining ends policies they feel satisfied with, Kreis said that the time they put into it “was just about right” and the outcomes of the process made it well worth it. “There was so much enthusiasm for doing the work on the co-op's purpose. People are very proud and are looking forward to accomplishing more in the next year,” Kreis said.

To view Hanover Co-op's Ends Policies visit www.coopfoodstore.com/html/policy_governance/endspol.html.

Welcome Thane!



The Leadership Team and the Core Team are pleased to announce that Thane Joyal has accepted our invitation to join CDS as a Board Trainer and Consultant!

Thane is a former board leader of Syracuse Real Food Co-op (SRFC), and is an attorney specializing in environmental and land use law. She served on the SRFC board for eight years, five as president. Thane loves teaching and looks forward to working more intensively with cooperators.

Contact Thane Joyal:

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CDS at CCMA

We hope to see you at the Consumer Cooperative Management Conference, held in LaCrosse, Wisc., June 14-16. Stop by and visit our booth, and attend these workshops with CDS consultants:

*Expanding Into
Suburban Markets*

Pete Davis

*Problem Store Analysis:
From the Outside Looking In*

Pete Davis

*New Stores are Coming:
How Can We Support Them?*

Stuart Reid

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