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Solutions

Volume 3, No. 4

Fall 2003

Board and Management Alignment It Takes a Powerful Alliance to Get to the Next Level

BY PATRICIA CUMBIE

The board and management relationship at a co-op is not unlike other primary relationships we have in our lives. In order for it to work well, it has to be a relationship based on respect, trust and an agreement on your goals. Often what can stymie the board-management relationship is a shortfall in one of those areas, and as is usually the case, you cannot have one without the other two. There are ways to improve this relationship that can pave the way for co-ops to concentrate their energies on accomplishing their mission and making important and tangible contributions on behalf of their members and communities.

A substantial number of food co-op boards have adopted Carver Policy Governance in order to establish a framework for effective communication, focusing a board's energies on its governance role. Although many approaches can provide a structure for communication, Policy Governance has taken many boards from the quagmire of conflict toward the impressive work of visioning the future together for their co-ops.

As food co-ops throughout the country look toward a future of greater collaboration, boards and managers are looking at how they can work together to effectively cause and support greater levels of collaboration within

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their own organizations. For Michael Healy, board trainer for CDS, the first step is to create a clarity of roles. "Clarity goes a long way toward building alignment," he said. Once roles have been defined you can "find ways to recognize and build on that power."

Healy described his work with a board that had contradictory processes for making decisions. They had a process for making decisions, but they had a different one for what he called "momentous decisions." Board members described meetings as "agonizing." Healy introduced Policy Governance, which helped them create a written process for their work. A year afterward, people on the board reported they were happier and were actually having fun. "It made a difference in the way

people saw their roles, and they were learning more too. In the past they struggled with how to sell peanut butter. Now they are ready to take on bigger issues that have an impact in the community. The results are very evident."

Even if a co-op board has moved beyond such operational struggles with its management, are they prepared or willing to identify and take the next steps? Healy points out the importance of board-driven co-op leadership operating in conjunction with a board's express desire for constant improvement. "The work is worth doing, so we should learn how to do it well. It's important to learn and do

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AN OVERVIEW:

Building a Powerful Asset

Many food co-op retailers often strive to change or build on their relationships with the customers and owners by continually improving an aspect of their service. The same principle applies to the relationship between the general manager and a co-op's board of directors. By committing to a process that allows a team of people the ability to work effectively together, they can greatly enhance the quality of the work they do.

Building great working relationships requires courage and leadership, and within our co-ops there is often an abundance of those qualities, yet those traits may not be utilized in ways that help groups achieve full potential. When there are unclear expectations among groups of people, the greater the potential for conflict. If roles remain uncertain for a long period of time, expectations and values become twisted in an administration of frustration.

In order to get the most from co-op board leadership, many boards are turning to the Carver Policy Governance method of providing clarity and structure to their work. As co-ops gain greater facility with Policy Governance, board presidents and individual board members around the country are turning their work into a powerful community asset as they reach a new level of governance understanding and commitment.

—Patricia Cumbie

Our Mission

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

Our Core Competencies

We specialize in the following areas, offering our experience and tailoring our services to deliver results for your co-op.

Expansion and Growth of Cooperatives

CDS provides a full range of services to assist your cooperative in growing your business and in the planning and implementation of expansion/relocation projects.

Leadership Development

CDS works to support and strengthen the leadership team—governance and management. Our work builds organizational alignment and enhances the working relationship between board and management.

Improving Performance

CDS identifies areas for improvement and develops strategies for results in organizational and business improvements.

Strengthening the Cooperative Advantage

CDS believes that the cooperative difference is your competitive advantage. We help co-ops build member investment and loyalty. We contribute to co-ops benefiting from collaborative networks while retaining local ownership and control.

Board and Management Alignment *continued from page 1*

training to find out how we can do it better,” he said. This includes the board adopting an attitude of taking its own role seriously enough to be willing to invest in its work.

Heather Albinger, board president at Outpost Natural Foods in Milwaukee, Wisc., said it’s a matter of “investing in leadership.” As well as investing in board training opportunities, her co-op has taken its board’s role seriously as a job and each board member is paid a significant stipend. Outpost owners approved an increase in the board stipend from what was a nominal amount to an amount that demonstrated the value of the work being done by the board. “There’s a commitment there,” she said. “We’re not motivated by the money, but by the co-op movement and being involved in a community organization we believe in. It helps offset the grunt work you have to do.”

Pam Mehnert, general manager of Outpost, concurs that it is important for general managers to support their boards in establishing stipends as well as assisting them in accessing the resources they need to do their job. “It validates their busy lives and shows we appreciate the time they give to make the co-op work. We better be professional about our work together, otherwise can we really accomplish our ends policies?” Mehnert cited as an example one of the co-op’s ends policies: “flourishing co-op economics.” She said the co-op does this by paying employees well, giving patronage rebates to members, and by compensating the board.

However, general managers can find themselves at a loss to understand what supporting the board means. Some feel like they have to manage their store as well as manage the board. Both general manager Mehnert and board president Albinger believe the board has to recognize its own need for leadership within its ranks and tap into it if the organization is going to progress to the next level of organization.

“One of the great moments in my work was when former board president Joel Kopischke said ‘It’s time Pam stops managing us and we manage ourselves,’” said Mehnert.

“Before then I felt it was my role because of board turnover, where our co-op’s historical culture was only what I and maybe one or two other board members remembered. I believe Policy Governance got us out of that place.” She also credits Kopischke’s willingness to take on the necessary leadership in his role as board president for changing the whole direction of the board’s work.

Now that Outpost’s board is operating with Policy Governance, they are able to spend one hour at each meeting discussing the future. When the sale of the Blooming Prairie warehouse came up for a vote last fall, the board already had a decision-making framework in place and were able to use it to work as a team through a challenging issue.

One of the benefits of Policy Governance, according to Healy, is that decisions for how to do things have been written down. “People come and go, so you need something stable, otherwise a general manager gets whipped around by the winds of capriciousness. Continuity is incredibly valuable,

and it is also satisfying for board members to be able to create a legacy, to know that their energy has meant something.”

Linda Stier, a board trainer as well as chair of the Weaver Street Market board in Carrboro, N.C., said that the clarity of roles with Policy Governance and the board managing itself contributed to building trust in the board-management relationship. “What emerged over time is that the board and general manager had the experience of knowing the other party would operate within their role,” she said.

Her work with the board has also included creating a stability of leadership, an important consideration as the co-op looks to the future. “It’s important for board members to create a culture for the organization that lasts beyond their term. We’re looking to the next level at Weaver Street. We’ve expanded way beyond a retail market. We’ve taken on an image within our community that’s way bigger. So what do we need to be talking about as the details of the cooperative become more complex? We’re talking about leadership that will help keep us on track.”

CASE STUDY

Role of Board President in Board Effectiveness

At the 2003 Consumer Cooperative Managers Association conference (CCMA) this past June, Heather Albinger, board president from Outpost Natural Foods in Milwaukee, Wisc., found herself having similar conversations with board members from other co-ops around the country. Discussions often came back to a critical issue: The board president has a very important role in facilitating overall board effectiveness. In her opinion, the most successful boards tend to be those with strong leadership in the board president.

Ideally the board president's leadership is focused on board guidance, and the president has to acknowledge the importance of that leadership role in the work of the board. "The boards with the easiest time have a strong leader in the board president," said board trainer Michael Healy. "A board sitting back waiting for the board president to lead can leave other board members feeling unempowered. There has to be an appreciation for a strong leader by board members, but also the board president has to work to create a strong group. The board president's job is to lead the board in making its decisions."

Weaver Street Market board chair Linda Stier said that her goal as a board leader is to provide a structure and process that allows other people on the board to make meaningful contributions without taking on more than is realistically possible. "When people serve on boards they want to do the right thing, but if boards don't sit down and create a structure for working together it is frustrating for board members," she said.

One person needs to shepherd the board, and it is particularly critical to have consistency during board turnover. "The board presi-



dent helps new members, and all members, understand the role of the board," said Albinger. "When there is board turnover there is often a change in group dynamics. When I became board president I had a [Policy Governance] model to follow and that was enormously helpful." That's why Stier also thinks Policy Governance is critical not only for board presidents, but for all board members because it provides continuity from board to board.



Albinger noted, "Not everyone wants to lead the board, but how do we take advantage of the leadership we do have on our boards? Our board is made up of busy professional people. This can be a hard issue for boards evolving. We have to give boards the resources to handle their own work."

Stier believes co-ops need to acknowledge the shifts in society that have changed the nature of volunteer work and pay board members a meaningful stipend as well as support boards perhaps by hiring someone to take on the administrative tasks. "People won't take on leadership if there's a lack of support. Psychologically the board president carries the weight of the board. It's a relief to me to have someone manage the details of the process," Stier said. "It's an organizational investment to have good people on your board."

Board Discussion Tools— A CGA Effort

In their 2003 plan, the Cooperative Grocers Association of the North East (CGANE) decided to have a meeting for their general managers and the presidents from their board of directors this November. In order to best use that time, they asked Marilyn Scholl of CDS to assist them in planning the session.

To prepare for this session, Scholl developed a set of discussion tools for CGANE that were distributed in May to each CGANE co-op and used by their boards to stimulate discussion about broader issues pertaining to CGANE ends policies and effective board-management alignment. These tools include plenty of reading suggestions and questions for the board to discuss on national and regional food co-op issues. Each tool included reading homework (with many articles from past *Cooperative Grocer* issues) and discussion questions centered on the following topics:

- Building a strong CGA system—a look at the existing structure for regional co-op grocers associations and the National Co-op Grocers Association (NCGA).
- Co-op brand—what consumers say, including a report and discussion on consumer research conducted by the NCGA.
- Cooperative principles and values—the importance of cooperative identity.
- Cooperative collaboration, interdependence and local control—discussion of ways of strengthening food co-ops through collaboration.

Why not have discussions at your co-op? Informed board involvement in the collaborative development of a strong system of food cooperatives is essential to ensure thriving, democratic and responsive cooperatives.

For more information regarding these tools, see www.cgin.org.