

Governing in Times of Crisis: Lessons from the Trenches of Board Service

BY JOSHUA C. YOUNGBLOOD

Welcome to the board of directors... Here's your crisis!

Every co-op experiences difficulties as it takes on the complex process of creating and sustaining a community-owned grocery store. Difficulties of capitalization, differences in expectations, and inevitable changes in volunteer leaders and professional staff can derail even the most needed start-up venture.

What about well-established co-ops, those that are over 10 years old or even 40 or more years old? They too face crises—but with different needs, different dynamics, and longer histories than their younger siblings.

Common challenges

This article describes the qualities and practices that help boards at longtime co-ops handle major challenges with confidence and effectiveness.

My experience includes twelve years in board leadership positions at two food co-ops founded in the 1970s. Both began small and grew slowly in college towns (in the South) that were isolated from major urban areas but large enough to support expansion. Both co-ops over time grew large and devoted memberships that helped their co-op weather changes in incorporation, rebranding, near-bankruptcy, cross-town relocation, the shift from member-worker systems, and the departures of successful managers and revered board leaders.

Both co-ops also experienced small and big decisions spiraling into crises and anxiety, some of which were handled well and relatively easily while others proved more difficult to navigate. Although these experiences first struck me as extraordinary and offered significant personal learning and growth, I came to recognize them as common to many of our food cooperatives.

Crises happen – know you should prepare

At CCMA 2017, Mary Alice Smalls of Seward Co-op and I joined a panel chaired by Thane Joyal to take up the topic of crises and governance. We discussed scenarios that most established co-ops have had to deal with at one time or another: “save our store” movements, angst over (possibly) momentous elections, gentrification or other demographic shifts, and staff concerns gaining the member attention that brings them to the board level.

Our panel discussion was an attempt to normalize a conversation that board members are sometimes hesitant to engage in. Why normalize these difficult conversations? Because we know the days of crisis and conflict will come—and part of a board member's role is to prepare.

Co-op board members, both new and well-seasoned, are fortunate to have resources already available to help understand and anticipate crises. The Fall 2011 *LEADER* newsletter from the NCG Western Corridor provides helpful tips on preparing for crises, including how to build a communication plan; a case study of a

successfully managed crisis; and guidance on how to facilitate “graceful exits” for parties involved.

In the Jan.–Feb. 2018 issue of *Cooperative Grocer* (194), Jacqueline Hannah shared some insights gleaned from working with start-up co-ops. She suggested a four-step process for dealing with the inevitable difficulties of a start-up:

1. Pause
2. Assess
3. Seek outside perspectives
4. Keep your eyes on the road

A co-op with decades of history has more background—and baggage—to deal with, but Hannah's four steps apply there as well. However, in dealing with years of accrued assets and emotional investment of owners and volunteers as well as personal stakes among staff, the board responses to crises in mature co-ops may need to be both more subtle and decisive.

Focus on the big question: why do we exist?

What do you do when your beloved co-op suddenly faces a crisis? As simple as it seems, look first to your co-op's ends policies and mission statement.

Although it is helpful for an individual board member or for the board as a group to reflect on the global policies (ends) they have agreed upon and the store policies derived from them (encapsulated in the “mission” of the store), such reflection can be especially useful during times of crisis to guide conversations with constituents, who are likely activated and engaged in a way they previously were not. Tying the current situation and the work of the cooperative to its overall purpose can serve to shape the dialogue and outcomes. The board should find or create conversation moments or actions that focus the attention of all the players on what they are all working for.

One of the more dramatic moments from my own service as a board member found me standing on top of a cash register, talking to a closed store full of more than 60 striking employees, explaining that we the board and all of them still had a mission to accomplish. Not the ideal situation, perhaps, but the conversation was an essential one to have.

Two other examples from my own experience include the fallout from a poorly communicated change in equity and, more recently, the removal of a community bulletin board. Ways to engage conversation employed for those situations included simple approaches such as calling special meetings—without decision-making power—to bring the board into the growing dialogue. The boards also reshaped regular meetings to include expanded educational sessions, presentations from consultants, or extended discussion specifically built around flashpoints among the members.

Ask – how did we get here?

Was it a board decision that angered owners? Perhaps the board made a decision that appeared to be rash, or there was not enough information apparent to justify it. What if the “crisis” is a major change in operations or leadership: The general manager has been fired—or a majority of the leadership has resigned? Accusations of fraud or malfeasance have gained traction and need to be addressed? (For the record, my co-ops have dealt with all of those crises.)

Find a way to assess the situation and evaluate the best data and timeline available. If existing bylaws and policies do not provide clarity, then conversation and information-seeking might help. Are there facilitators or neutral co-op members who can assist in bringing together members of various factions to share information? This kind of judicious politicking and networking not only garners essential information, it also reinforces the value of considering diverse and divergent voices in decision-making.

Management could be the source or a contributing factor in the crisis; nevertheless, the relationship between the board and general manager remains crucial to a successful food co-op. Assessing the state of affairs includes looking at operational effectiveness—while understanding the centrality of operational performance to turning the ship and strengthening the image of the co-op. Use the policy register to evaluate what the management has provided. If that data isn't sufficient, seek more data from experts through industry associations or other professionals familiar with the co-op.

Try to build (or rebuild) unity

Even during crises, the reality remains that the board's most effective relationship with operations will feature one avenue: from the board as a whole to the general manager. We are trained as board members and should all accept the need to speak with a unified voice and try to govern from positions of consensus.

Part of acting with one voice is seeking agreement and shared understandings among the board members. However, board members willing and able to do the work of leading fracturing co-ops must also be ready to confront opposition with power strategies and the power of the vote. Meetings must be held, decisions must be made, fiduciary responsibility must be maintained—it is the board that has taken on the burden of getting that work done. Dialogue is essential in a functioning democracy, and governing bodies have to seek majorities and act on judgements.

Power strategies? Really? Well, if the board itself is the source of crisis or gridlock, then leveraging Robert's Rules and strong meeting management may be necessary. The chair or a majority of directors can consider these measures:

- Align votes ahead of time and seek alliances in order to ensure that good motions come forward and are voted upon.
- Design the agenda to move business and discussion along, such as with enforced time limits.
- Use time limits, counter motions, or the power of the chair or executive committee to remove agenda items, curtail filibustering, and table unsupported ideas or diversions.


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- Document, censure, and if necessary, call for the removal of directors who are out of compliance with codes of conduct.






Have conversations and make them matter

Methodology to enable broad, non-binding communications among stakeholders, for instance Non-Violent Communication, can be used to support open conversations on neutral ground. But those conversations are only one step in the process of moving forward, and they are not how strong decisions will be made for a business incorporated under state law and governed within bylaws.

For older co-ops, there are many owners from the co-op's past who will offer advice. But guidance from history only goes so far



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in solving the problems that have led to current crises, and past situations (or ongoing grievances) are likely less significant than the issues directly related to the current crises. Thoughtfully consider the context of the crisis, but don't let it pull you backward instead of moving the co-op forward.

Be wary of closed sessions or executive committee meetings

There are situations that necessitate closed meetings (personnel matters and confidential financial concerns, for example), but open forums are very helpful in rebuilding the confidence of the owners or the staff and for making continued communication possible. If the co-op owner base has a history of active participation or is already familiar with co-op governance models at your co-op or elsewhere, there is a very real possibility that closed sessions will cause greater anger or frustration.

Ideally, make the principles and bylaws work for the board, whether in open or closed meetings:

- Hold as much discussion as possible in regularly scheduled meetings or well-announced special meetings in order to emphasize democratic and transparent governance.
- Make pending decisions known in advance, if possible, and make deliberation apparent. That serves as education and creates a track record of responsible approaches to the work.
- Make the ground rules and expectations for all meetings known beforehand, and be very clear about the role of the board and board officers.
- As much as possible, share among the directors the responsibility to communicate the work of the board while maintaining unified board voice.

Seek help from professionals (yes, lawyers too)

In some cases, factions seeking to influence the board or cause change in the cooperative may seek legal recourse or threaten legal action against the board. It's an uncomfortable possibility to consider, but it does happen. Cases of fraud or malfeasance, either from management or board members, necessitate legal counsel. Advice from national co-op consultants can help as well.

Informed and defensible decisions are critical. The board should get the best information and support before making decisions, even if that means delaying the actions some member owners demand and possibly incurring costs that the co-op will have

difficulty covering. Concerning questions such as law, human resources, or financial management—even if there are experts on the board—it is in everybody's best interest to have objective, expert assistance.

Show the process and be deliberative

As Carolee Colter and Helena O'Connor's article, "Co-op Leaders Comment on 'Visibility'" (*Cooperative Grocer* 174, May-June 2014) suggests, "Visibility on the floor is especially important in times of stress and crisis." Of course, that advice is for general managers and operational issues. But a similar sentiment applies to the work of the board. We are not "on the floor," but we should be visible and engaged.

Where and however possible—and it should almost always be possible—the board should project deliberativeness and sobriety. This returns to my earlier point about being prepared for crisis moments: building and practicing inter- and intra-personal management skills is work best done in calmer times. The fruits of those labors will help board members remain effective and self-differentiated when those qualities are needed most.

As the work goes on, so does board recruitment

Regaining board direction and a more deliberative approach—and engaging in transparent work to benefit all owners—will serve board recruitment as well. Crises are often influenced by mixes of personalities, approaches, or agendas on the board.

Management of a governance crisis goes hand in hand with recruiting talented and committed individuals to serve the co-op as the board improves its own performance. Navigating a board-generated crisis should also make clear the need for nomination and vetting processes strong enough to protect the co-op and ensure new directors want to help the co-op succeed.

In the end, all of us love our co-ops, and nearly everyone seeking to be involved in governance wants the co-op to thrive and grow. We join co-ops, and board members volunteer their time and talent to serve them, because we believe in these shared enterprises where communities cooperate to have a greater say in their needed goods and services. Crises happen for every organization that involves people working together. We can anticipate crises and help guide co-ops toward more decades of success in the future. •

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