

LEADer

A publication designed to promote visionary and forward-thinking discussions between and among NCGA's Western Corridor co-op leadership



A Study Guide for Co-op Leaders: Enhancing Board Effectiveness



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The Board Effectiveness Challenge

If you ask, every board will say that it wants to be effective. Yet becoming a truly high-functioning board involves overcoming many barriers and challenges. In this issue, we examine what it takes for boards to truly improve performance and maximize their role fulfillment.

Three elements contribute to a high-functioning board. First are the systems used by the board—the way the board organizes its work and the systems that allow directors to focus on the crucial conversations and decisions needed to provide appropriate guidance and leadership. The board's systems are critical to board effectiveness. However, by themselves they do not make a board effective. In other words, systems support an effective board, but the best systems in the world will not make an ineffective board better.

The second element in board effectiveness is how a board fulfills its responsibilities—how it “does the job.” Effectiveness in this area requires clarity and agreement about the job, as well as self-reflection on how the board is doing the job.

Third are the norms and culture of the board. How does the board deal with controversy and differing opinions? What is the culture of the boardroom—one that is respectful and professional, or one that is confrontational, defensive, and emotional?



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More about the LEADer

A publication designed to promote visionary and forward-thinking discussions between and among NCGA's Western Corridor co-op leadership

- The *LEADer* is published quarterly and is distributed to directors and leaders of Western Corridor co-ops.
- The *LEADer* is now available to all interested co-op leaders at no charge, thanks to the generosity of NCGA's Western Corridor members.
- We welcome your reactions, suggestions, and contributions, as well as questions for us to answer in future issues. Send comments or questions to askthebest@ncga.coop.
- The next issue will be available in summer 2010. In that issue, we'll look at the third element in building board effectiveness: the board's norms and culture.
- You can find information about the LEAD program and an online enrollment form at <http://www.cgin.coop/leader>.
- For more information about NCGA, the Western Corridor, upcoming western regional board training events, the *LEADer*, or the BEST, contact:

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The LEADer Is Online and Available to ANYONE!

With this issue, the *LEADer* becomes available to all interested co-op leaders. This issue and all back issues are available online at <http://www.cgin.coop/leader>. Western Corridor co-ops can have new issues sent directly by e-mail; contact Karen Zimbelman at kz@ncga.coop.





Great Board Systems Support Great Boards

Boards that function well do so because each member knows what his or her job is (and does it), and all members work together effectively to do the board's work. While having solid systems in place does not guarantee a high-functioning board, it can certainly be argued that all high-functioning boards have solid systems in place. Effective board systems are crucial because they:

- Provide information and procedures that ensure consistency over time as board members come and go.
- Support new board members in learning their roles and responsibilities and how to do their jobs.
- Provide structures for effective meetings and between-meeting follow-up.
- Allow the board to focus on the issues at hand and visioning for the future rather than the mundane details of how work gets done.

Ideally, a big part of the responsibility for maintaining the board's systems falls on the board's administrative support. In some co-ops, that support is a paid staff member. In other co-ops, a member-volunteer provides administrative support to the board in exchange for a discount or other special benefits. In any case, accountability for maintaining the systems ultimately falls to the board. However, it is not the board's job to perform administrative tasks for the co-op. The board has other responsibilities and can legitimately request support so it can fulfill its role.

Supervising the support person—whether a paid staff member or a member-volunteer—is best handled by a staff person. The board (generally through the board president) can and should define what it needs and what quality of work it expects, but supervising an often part-time staff member or volunteer is not high-value work for the board. Define what you want and need from the support person and delegate day-to-day supervision so you can focus on more important tasks.

You'll find a checklist of the key tools and systems that support a high-functioning board in this issue's study guide (page SG1). Although your co-op might not need all these tools and systems, you will certainly find value in reviewing the checklist and rating your systems. If you are happy with everything you have in place, pat yourselves on the back and focus on more exciting things.

What's the secret to a successful board? When all members work together effectively to do the board's work.

by Paige Lettington

Taking a Ride with a Problematic Board

Looking
for qualified
board members
for your co-op?

It's easy!
Just follow
these simple
guidelines.
You'll see
incredible
results—
I promise.

by Lucinda Berdon

The first thing to do is to recruit your friends or other people who think just like you do. Diversity can be highly overrated. Once your friends are on board, bring them to their first meeting without explaining the scope of the job. There's no need to orient them to the organization's past, present, or future. No need to share your co-op's policies or bylaws. Letting them become familiar with the co-op or the functions of the board ahead of time can backfire and cause your friends to decline your invitation to join the board. Let them come to their first meeting uninformed and unprepared. It's really fun to watch them squirm when current board members start arguing over operational issues with the general manager!

Keep it loose! Schedule meetings at different times of the month, only during emergencies, or one at a time. When you do meet, don't even think about sticking to the agenda, if you even have one. You don't want to give your new board members a sense of accountability, commitment, or responsibility.

Having trouble scheduling a meeting? Don't worry! You can meet anyway, via phone calls or e-mail. Face-to-face conversation and dialogue aren't necessary for sound decisions. And don't worry about quorums. Just let it slide until things work out.

Discourage openness, respect for others' opinions, and sharing of new ideas. That can be a big waste of time and can dilute the dysfunction. Being disruptive and rude are big in my book. Who wants the meeting to be boring and drama-free?

Refrain from providing pertinent information in a timely manner—that takes so much work! Important things to focus on at meetings include meal arrangements, board reimbursements, and what you're going to do over the weekend. Once those have been tackled, see if there's time left for financial matters or policy issues. If you're ever questioned about financial or policy matters, just answer, "Everything's fine!"



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Taking a Ride with a Problematic Board

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What should you do if a board member decides not to show up for a meeting, phone call, or e-mail thread? Elect him or her chair of an important committee. That'll teach 'em! If you have a board member who likes to carry large loads, pile it on. Spreading the work of the board among all the members can facilitate organizational change, which is disruptive. In fact, just skip committees—let the whole board discuss everything.

If one of your new board members suggests engaging in social activities with the whole board or, worse yet, getting to know the staff, politely decline. This idea might be a ploy to show appreciation for the work people do. Keep the staff in the dark. Otherwise, they might think they have a voice in your co-op's future. It's better to stick to little or no communication.

If you run out of things to discuss, plan an activity that can be perceived as a conflict of interest. Let board members vote on decisions that offer them financial gain. Legal issues can become real problems for your co-op and will take up a lot of

time at meetings, which is what you're looking for, right? Here are a few more ideas:

- Encourage your board members to shop elsewhere, especially at the competition.
- Withhold important information, such as policies and financial statements.
- Reward those who have hidden agendas and encourage those agendas.
- Perpetuate cluelessness, negativity, and gossip by providing chocolate as a reward.
- Special tasks should be kept to the bare minimum, if even done at all. Dodge any responsibility by saying you're "just too busy."

How About It?

Does any of this resonate with you or your board? It's never too late to get off this "problematic board bus" and jump on the "train of board effectiveness" to successfully transport your co-op to a higher level of existence. Even though your board members might come from different places or have differing opinions, every board member has the responsibility to lead the co-op to an agreed-upon destination.

Being on a co-op board and being an effective board member can be a foreign experience for some people. If you're new to the co-op world, treat the work of the board as you would a trip to another country. Ask questions, figure out where you're

going, learn about the language and culture, and explore and embrace diversity and differences. Try new things—immerse yourself in a new world of ideas. Sound exciting yet?

Any of the "problematic board bus" examples can be a serious threat to your board's effectiveness. Identifying problems as soon as they arise is an important part of board maintenance. You wouldn't willingly get on an unmaintained bus, would you? On your own vehicle, if the oil needs changing or a tire needs air, don't you take care of it as soon as possible to avoid more serious trouble?

On the "train of board effectiveness," steering clear of trouble is a challenge. As on any road trip, you might pick up people along the way. You might make sharp turns, hit bumps in the road, make sudden stops, or take detours. It's not always a smooth ride, and sometimes it takes longer than planned to get where you're going. But keep your eyes on the road: to do your best for the co-op you represent, make sure you understand the board's job; the co-op's bylaws, mission, and vision; your member-owners; your community; and the cooperative structure.

The co-op's board of directors is a dynamic force for the organization. Hopefully comprised of a diverse group of committed and professional people, the board can go on an exciting and wonderful journey.

Building an Improvement Plan

from a Board Assessment

by Marcia Shaw

Okay—so you’ve done a board assessment. Great! You’ve gotten feedback. You’ve scored your board on the samples included with this issue or on another similar survey. Maybe you’ve even hired a consultant to observe a few board meetings and provide observations.

What next? What does the board do with this assessment or evaluation data? The following guidelines will help you make the best use of this information so you can shape a plan for follow-up and improvement.

Step 1. Talk about the assessment.

What does it mean to you and to other board members? Try to understand what the questionnaire or consultant was looking at (or for), and try to absorb what appeared in the data or comments. Do not spend much time “fighting the instrument.” Yes, every system is limited and just a snapshot in time, but be sure to use it instead of just detailing its limitations. This

is a good place to remember not to let “perfect” get in the way of “good.”

Step 2. Ask “so what?”

questions. Assume that the data you got are valid (or at least good enough) and start there. How does the collected information inform the board? What could or should you do differently during the coming year? Can board members agree on two to four things to improve upon or do differently?

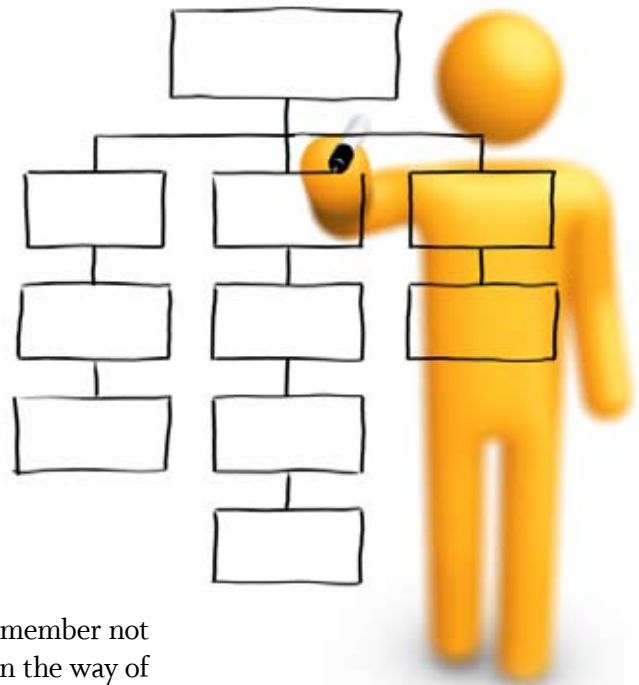
Step 3. Follow through.

How will you measure improvement or changes in behavior? If you have no way to check yourselves, you’ll have a hard time staying on track. So if you agree not to interrupt one another, designate someone to pay attention to this issue—and to report on your progress. If you are trying to work more efficiently and not have meetings run overtime, have your facilitator remind you when you’ve arrived at the end of your allotted time for each

agenda item. If you normally hear only from a few dominate voices, you might pass out poker chips (or playing cards) and allow people only as many turns speaking as they have chips. That’s one way to involve new directors or those who tend not to speak up much and to help your more vocal directors control their tendency to speak about everything.

Step 4. Plan for your next assessment or evaluation process.

If you do a complete assessment once a year, be sure to check in on progress more frequently. Also consider doing short assessments of specific areas more often. Even doing a quick self-assessment on one or two questions (see sidebar) will remind folks that part of the board’s responsibility is to



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Building an Improvement Plan

improve the board process. If your discussion leads you to want more or better information next time, think about how you'd like to accomplish that goal and what kind of information you want. Assign a board member to follow up by looking at different kinds of board assessments.

Questions for Conversation

At a retreat or a regular review of board operations, discuss one or several of the following questions. These questions are not substitutes for a more comprehensive assessment of the board's fulfillment of its duties, but they will help you determine how your board can improve.

- *What is one thing your board does really well (that you want to keep doing)?*
- *What is one thing the board could improve to make a difference?*
- *What was the best team you've ever been on? What made the team so effective?*
- *What did the board do during the past year that you feel really good about?*
- *What inspired you to be on the co-op board?*
- *Is serving on the board meeting your expectations?*
- *What would make this board one of the best?*

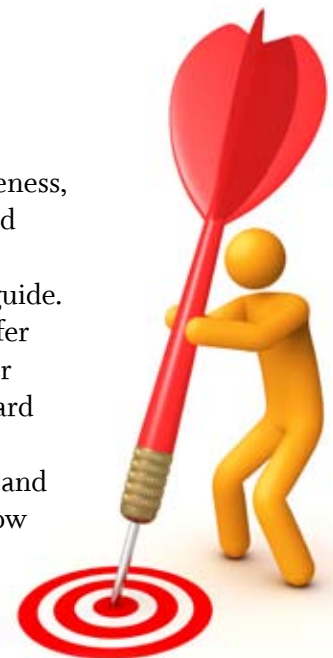
The Board Effectiveness Challenge

Continued from Page 1

In this issue, we look at the first two elements: systems that support effectiveness, and how the board does its job. We'll look at the third element—board norms and culture—in our next issue.

This issue continues our new format, with the *LEADer* organized as a study guide. We start with a few articles to provide food for thought on the topic. Then we offer questions and exercises to help you reflect on how your co-op does in this area or to guide board discussions on this topic. In this issue, we offer a checklist for board systems, as well as a board assessment survey.

We hope you'll make time on your board agendas to talk about these articles and activities. As always, be sure to send us feedback on your experiences. Let us know what you think, what we could do to improve the *LEADer*, and what topics you'd love to see us cover in future issues.



Check It Out!

For More Information

Compiled by Martha Whitman

A few articles from past issues of *Cooperative Grocer* magazine might be of interest:

All Your Board Can Be, by Paige Lettington,
January–February 1998.

<http://www.cooperativegrocer.coop/articles/index.php?id=233>

Meeting Preparation: A Dirty Job, but Someone's Got to Do It,
by Karen Zimbelman, February–March 1989.

<http://www.cooperativegrocer.coop/articles/index.php?id=72>

Duties and Responsibilities of Cooperative Board Members, by Kathryn Sedo,
April–May 1986. <http://www.cooperativegrocer.coop/articles/index.php?id=8>

You can find other useful resources for boards online:

A general and useful website: <http://www.boardsource.org>

For strategic planning: <http://www.boardroommetrics.com>
<http://www.managementhelp.org>

For invigorating meetings: <http://www.blueavocado.org>

For recruitment planning: <http://www.createthefuture.com>

For board training: <http://www.cnmsocal.org/resources/articles/board-training>



Next Issue: **Focus on Enhancing Board Effectiveness**

Our next issue, which comes out in summer 2010, will continue to explore ways to enhance board effectiveness. We'll ask: How does your board deal with controversy and differing opinions? What is the culture of the boardroom: respectful and professional, or confrontational, defensive, and emotional? How can you change the norms and culture? What have you done to change a dysfunctional aspect of your board? Send your thoughts, experiences, ideas, and tips on this topic to askthebest@ncga.coop or contact Karen Zimbelman (kz@ncga.coop).



NCGA · Western Corridor

See You in Portland!

The next Western Corridor regional board training will be held on Saturday, March 27, in Portland, Oregon. Contact your NCGA designated representative (general manager or other) for details.

BOARD EFFECTIVENESS

A LEADER STUDY GUIDE



Step 1: SYSTEMS CHECKLIST

by Martha Whitman and Paige Lettington

Evaluate your board's systems by checking boxes to indicate that something: is needed, needs work, or is good—works for us.

BOARD TOOLS AND SYSTEMS	Need This	Needs Work	It's Good
Board handbook includes			
State statutes for co-ops			
Co-op bylaws			
Board policy manual			
Officer job descriptions			
Board calendar			
Committee charters or descriptions			
Co-op history			
Co-op principles and values			
Meeting process			
Board resources			
Board administrative assistant			
Clear job description and reporting			
High-quality work			
Board meetings			
Agenda with timed segments			
Agenda with consent			
Meeting packets			

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BOARD EFFECTIVENESS

A LEADER STUDY GUIDE

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Step 1: SYSTEMS CHECKLIST

	Need This	Needs Work	It's Good
Packets provided in advance			
Facilitator			
Guidelines for member input			
Follow-up with members			
Parking lot for ideas			
Board minutes			
Available in a timely fashion			
Document needed items			
Provide task lists for follow-up			
Board development			
Board recruitment process			
Orientation			
Retreats at least annually			
Ongoing board development			
Annual self-evaluations of individual directors			
Annual self-evaluation of board as a whole			
Committees			
Clarity of purpose/charters			
Report regularly to board			
GM relations			
Clear delegation of duties			
Accountability established			
Annual evaluation completed			
Goals discussed and agreed on			

BOARD EFFECTIVENESS

A LEADER STUDY GUIDE



Step 2: SAMPLE BOARD ASSESSMENT

by Cindy Owings and Michele Adams

Rate your board's performance using the following scale:

3 = outstanding **2** = satisfactory **1** = needs improvement

DK = don't know or don't understand the statement

Organization and Maintenance	
	Meeting preparation includes a packet of materials: draft agenda, draft minutes, committee reports, and general manager report.
	The annual calendar of board activities is updated and followed.
	The board maintains an active committee system with committee charters.
	New director orientation helps foster understanding of current board topics and procedures.

Comments:

Continuity and Effectiveness	
	The board takes action to strengthen its performance in areas of highest priority.
	The board has the necessary talents and skills to perform its job.
	The board takes advantage of trainings when available.
	The committee structure does not duplicate the jobs of management.
	At meetings, directors speak freely about issues that affect the overall health of the co-op.
	The board uses an annual performance assessment tool to measure preparedness, focus, participation, respect, and governing style.

Comments:

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BOARD EFFECTIVENESS

A LEADer STUDY GUIDE

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Financial Responsibility	
	The board receives timely and useful financial reports, with financial indicators that can be monitored.
	The board assures that capital and operating budgets are established.
	An external audit is conducted; the results are reported to the board.
	All directors understand financial statements.

Comments:

Relationship to General Manager	
	The board has reviewed and approved a written job description for the GM.
	A formal evaluation of the GM was conducted in the past year.
	A compensation plan for the GM has been approved.
	The board's delegation of responsibility to the GM is defined and clear.
	The board provides goals and guidelines for the GM but does not dictate how goals are to be reached.
	The GM evaluation reflects the views of the board and facilitates trust and communication between the board and GM.
	A management succession plan is in place and current.
	Directors maintain strict confidentiality.
	A climate of mutual trust and respect exists between the board and GM.

Comments:

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BOARD EFFECTIVENESS

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Accountability to Membership	
	The board actively solicits member input on decisions having to do with the co-op's long-term direction.
	Periodic board reports to members cover the co-op's operations and financial condition.
	The board has adequate information on the membership and members' needs and makes policies based on that information.
	The board meets its legal and fiduciary obligations to serve the values and interests of the co-op's membership.
	The board understands the legal and fiduciary responsibilities of directors and the board.

Comments:

Governance and Planning	
	Board decisions are consistent with the vision, mission, values, goals, and strategies established by the co-op.
	The board agrees on its approach to governance and process.
	The board emphasizes outward vision and looks to the future.
	The board emphasizes strategic leadership over administrative detail to create ideals rather than to solve operational problems.

Comments:

Leadership	
	Once a decision has been made, the entire board stands behind that decision.
	Directors adhere to a code of conduct.
	Annual elections present members with well-qualified candidates.
	Directors use co-op services.
	Directors listen to and respect one another, leading to professional, effective interactions.

Comments:

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BOARD EFFECTIVENESS

A LEADer STUDY GUIDE

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Individual Reflection	
	I am thoroughly familiar with meeting materials, the board manual, board policies, and co-op bylaws.
	I understand the meaning of “conflict of interest.”
	I strive to gain understanding of industry standards, issues, and co-op operations.
	I regularly attend board meetings.
	I remain open and impartial on issues that come before the board.
	I make myself visible, recognized, and available to members.
	I contribute to the newsletter when needed.

Comments:

General Feedback

- What are the board’s overall areas of excellence?

- What are priority areas for board improvement?

- What do you think of this assessment tool?

Name of Director: _____

Date: _____