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# Best Practices for Cooperative Managers and Leaders

- **Introduction:** Lucha Silva, eQuality Homecare
  - **Cooperative Governance Training:** Anne Reynolds, Retired Executive Director of the University of Wisconsin Center for Cooperatives
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# Cooperative Governance: Best Practices

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# Overview



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# What is governance?

The **traditions** and **institutions** by which **authority** is exercised.



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# The cooperative balancing act

**Power and Authority  
AND  
Democracy**

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# Cooperative governance essentials

- Protect the interests of members and the cooperative corporation
- Revitalize and sustain the governance structure
- Guide strategy
- Monitor and oversee



LET'S WORK TOGETHER

# Governance Structure

- **Members:** decisions on “core” issues
- **Board:** decisions on top-level policies & long-term strategies
- **Management:** focus on operations, implement policies



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# Committees & Grievance Council

Reflect diversity of membership



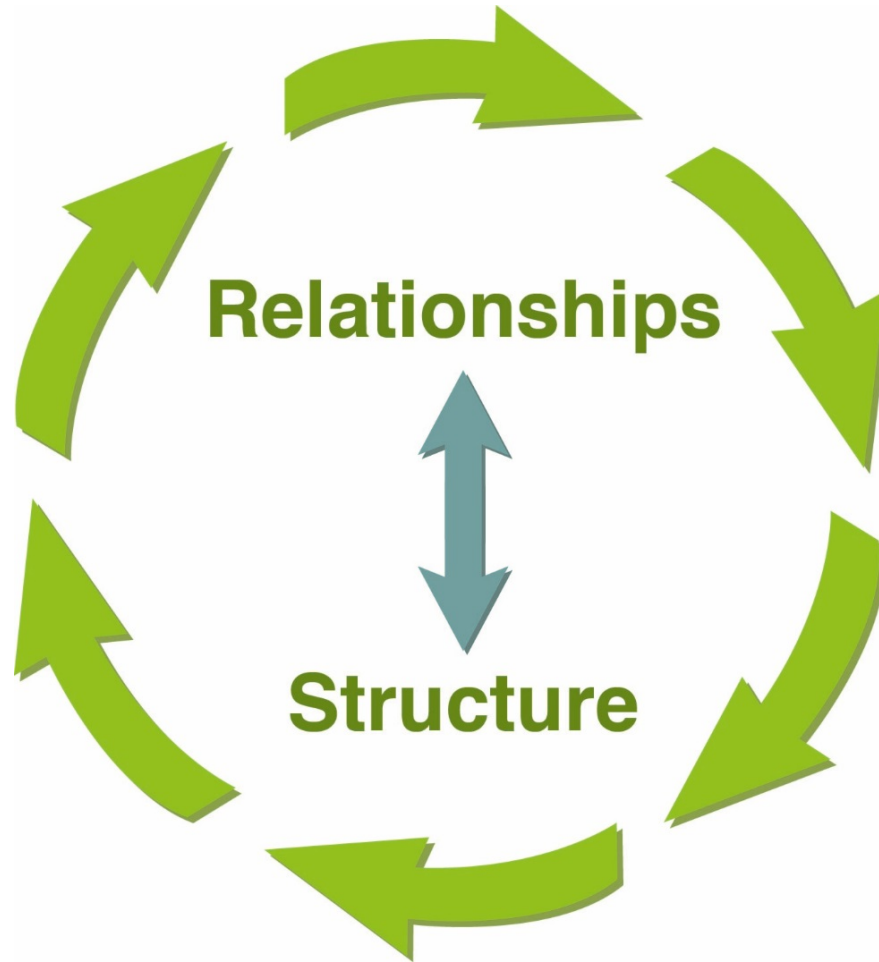
Clear goals and guidelines

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# Ongoing dynamic between the governance structure & relationships



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# Best practices for governance structures

- Understandable to all members
  - Transparent
  - Create and use policies
  - Set up governance system ASAP; Review governance regularly
  - Involve as many members as possible in governance
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# Case for discussion

Two newly elected board members are questioning a decision that was made last year to move the office to a new and larger space. They are asking for a review of the decision.

How should the board handle this request?

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# Board Roles and Duties

- Protect the interests of both members and the cooperative corporation (*fiduciary duty*)
  - Build an influential team
  - Serve as trusted advisors to management
  - Monitor and oversee management
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# The board must build its own team

- Represent members
- Make sure that all voices on the board are heard
- Orient new board members
- Governance Committee
- Board development & evaluation

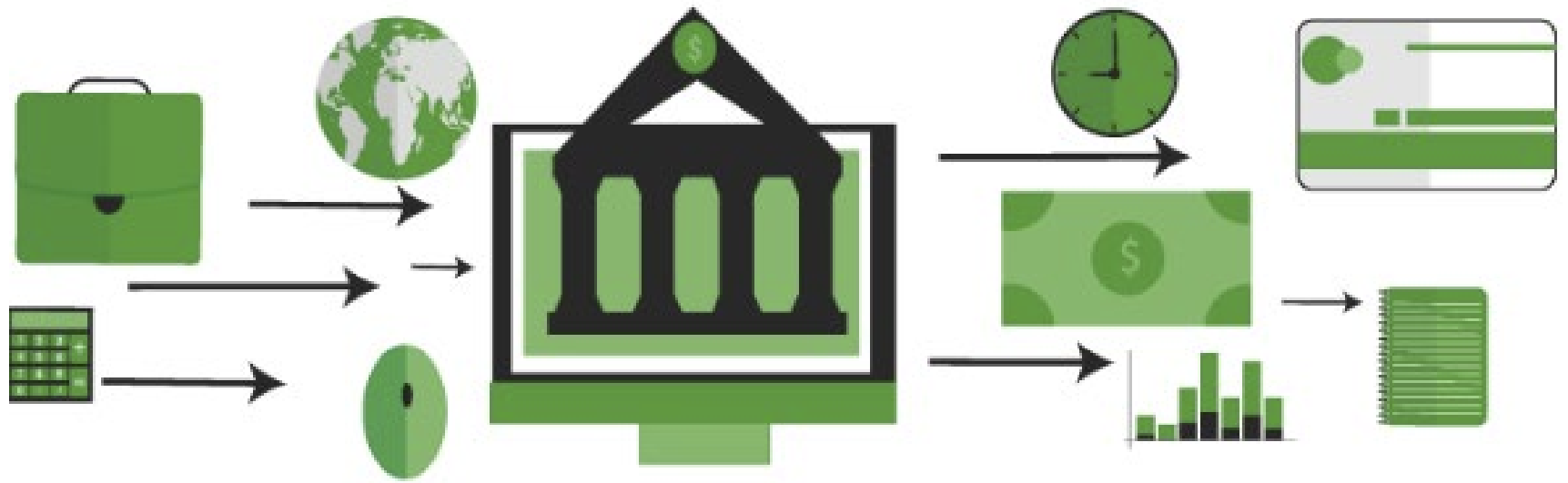


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# Fiduciary duty: Protect the Co-op

- Board members must understand and be able to **monitor and oversee**:
    - Mission, vision, values of the cooperative
    - Areas of risk
    - Strategies for the future
    - Financial status
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What information do board members need in order to oversee the finances of the cooperative?



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# Four Basic Financial statements

- **Income Statement** – should receive monthly
  - **Balance Sheet** – should receive monthly
  - **Cash flow Statement** – prepared annually as part of an audit; should be produced more frequently when cash is tight
  - **Budget versus actual** – should receive monthly
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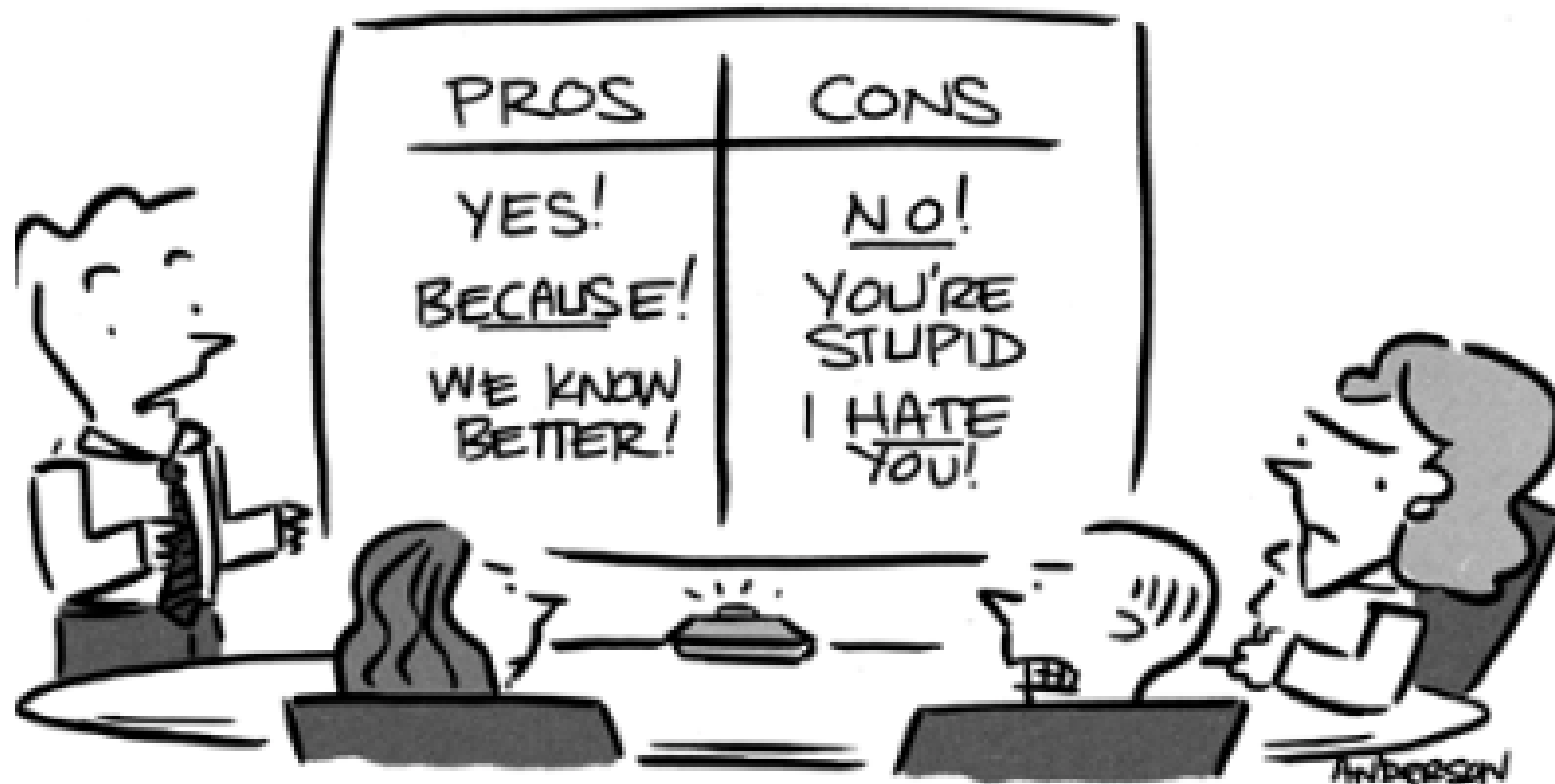


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# What other financial information?

- Financial **ratios** and analysis – quarterly, or more often as needed
- **Industry performance standards** for comparison
- Private meeting with **auditor**





"OK, who's ready for a breather."

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# Case for discussion

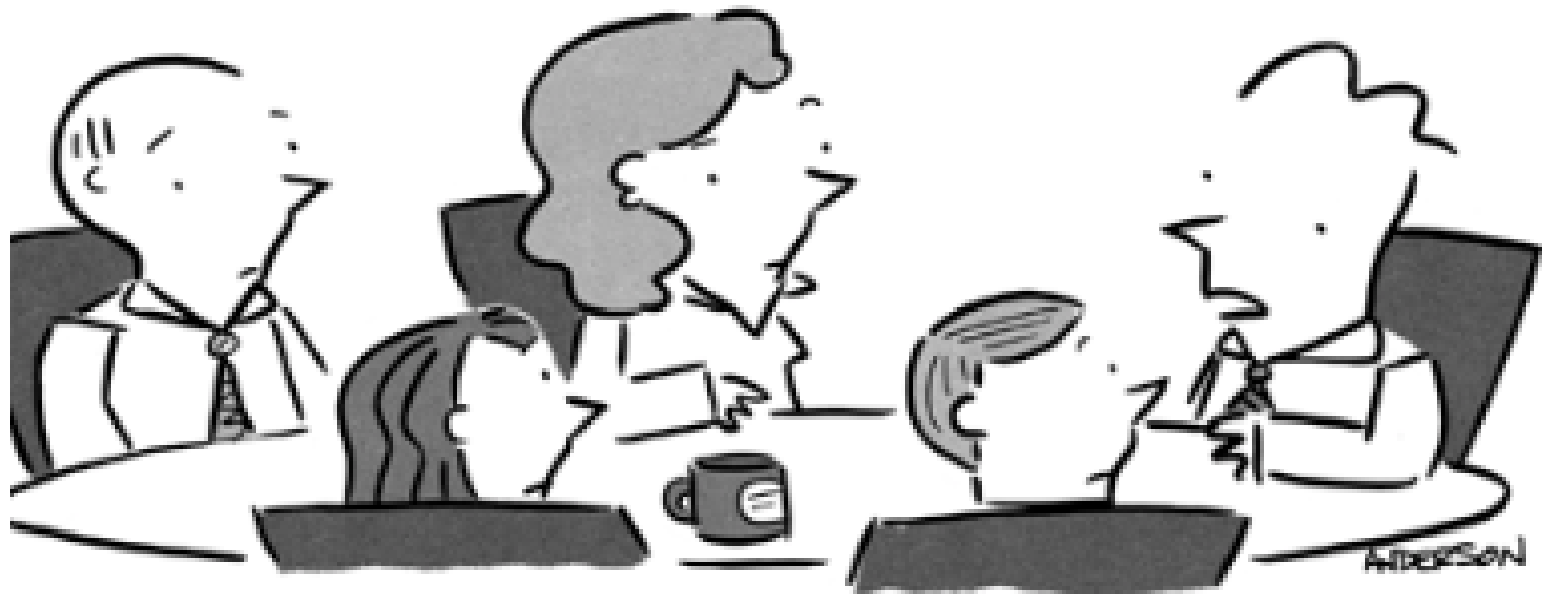
A cooperative is considering purchasing a related business. Management is recommending the investment, but the board is divided. The board chair supports management, but feelings are strong on both sides of the question.

**What can the manager and board chair do to encourage productive conversations on risk?**

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“Aren’t you glad we had this meeting to resolve our conflict?”



"Listen, I'm no expert, but I still want you to listen to me ramble on about this for a while."

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"NOW TURN YOUR ATTENTION TO ITEM NO. 167 ON YOUR AGENDA ..."

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# Meetings: Best practices

- Agendas are important
  - Observe good meeting etiquette
    - Read materials ahead, no distractions
  - Listen
  - Speak concisely on one idea at a time
  - Define role of facilitator
  - Test agreement; Strive for consensus
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# Resources

- Cooperative Development Foundation
  - Other co-ops
  - Outside board member, finance committee member or advisor to the board
  - Consultants, specialists
  - Democracy At Work Institute
  - University of Wisconsin Center for Cooperatives
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