

Roles & Responsibilities: Understanding the differences between the board & management

2022 National Home Care Cooperative Conference

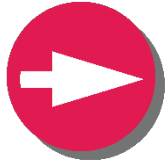
Kristin Forde, Co-op Development Specialist

Courtney Berner, Executive Director



Center for Cooperatives
UNIVERSITY OF WISCONSIN-MADISON

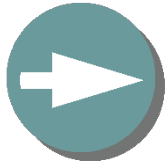
AGENDA



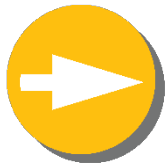
Introductions



The roles of management and the board



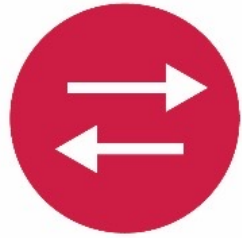
Challenges in the relationship between management and the board



Scenarios



Q&A



P1

Open &
Voluntary
Membership



P2

Democratic
Member
Control



P3

Member
Economic
Participation



P4

Autonomy &
Independence



P5

Education,
Training, &
Information



P6

Cooperation
Among
Cooperatives



P7

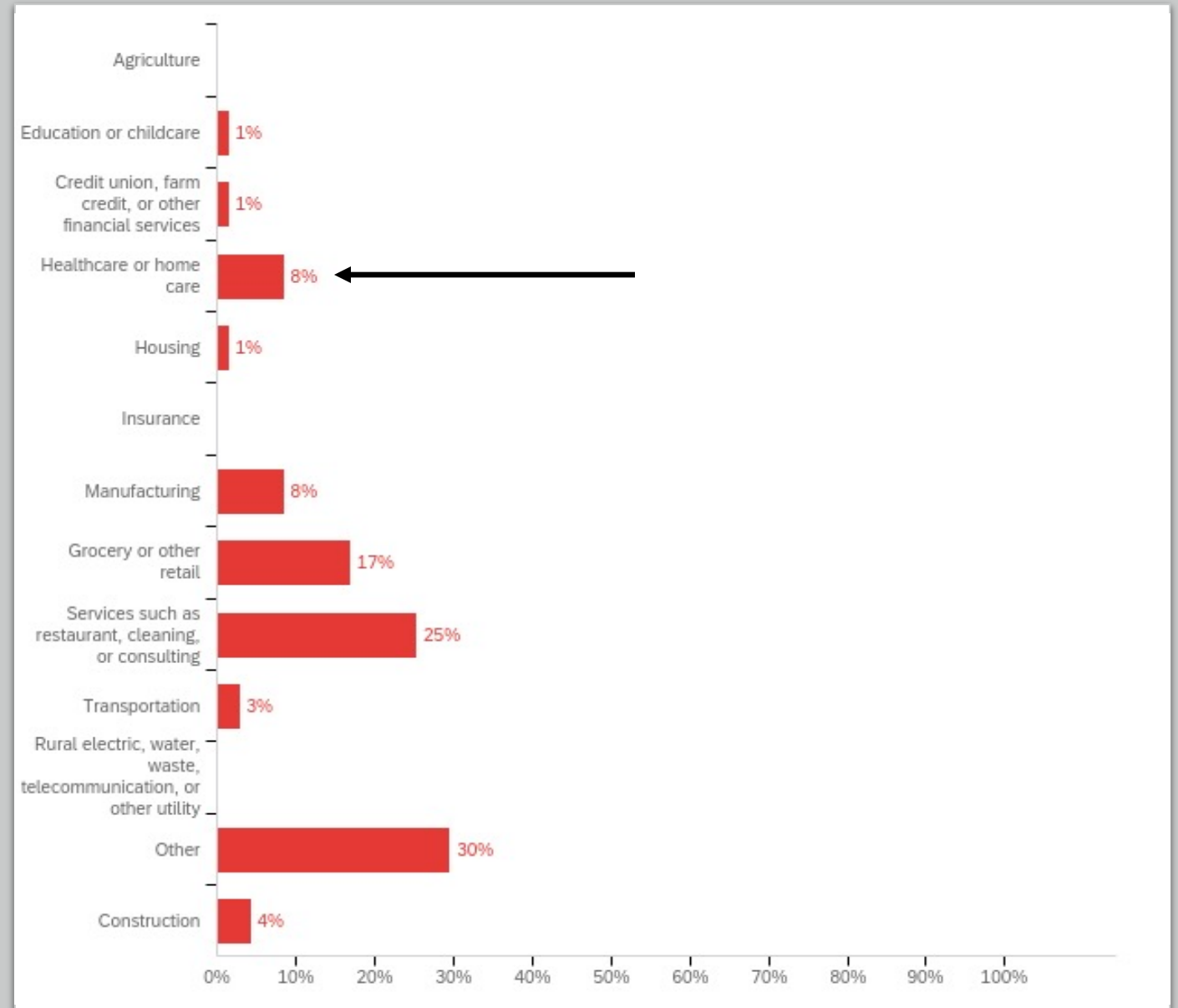
Concern for
Community

Seven Co-op Principles

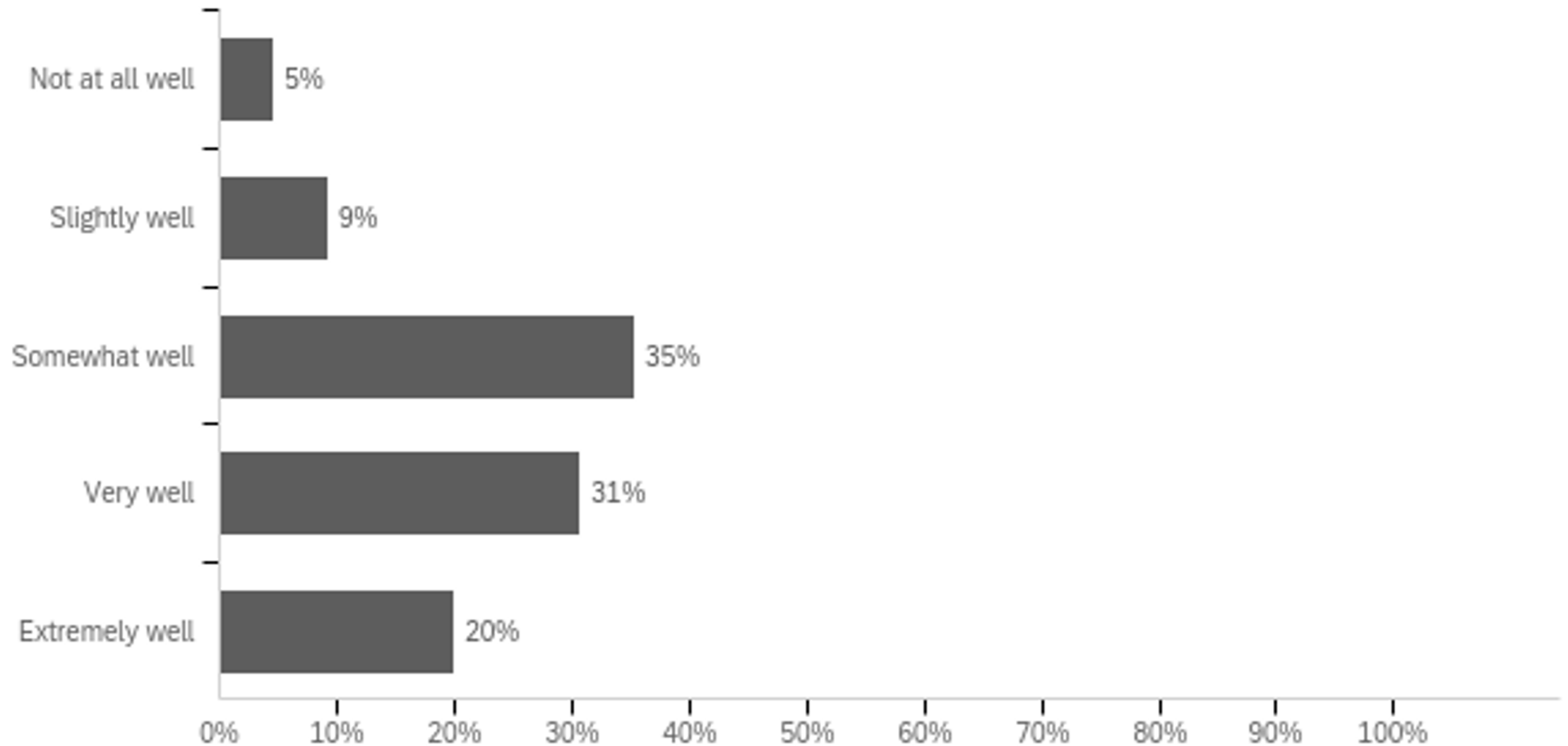
CGRI

Of 502 respondents, 71 are worker cooperatives.

- 2 to 250 members
- Located in 22 different states
- Founded between 1970 and 2021
- 8% in healthcare
- 45% have a CEO or General Manager
- 54% practice direct democracy and 46% practice representative democracy



How well does the board understand its role in relation to management?



THE ROLE OF THE BOARD

Safeguard assets on behalf of the members

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Hire and supervise manager, executive director, or management team

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Guide strategy

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Assess the co-op's performance

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Preserve the co-op's character

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Revitalize and sustain the governance structure

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Preserve the co-op's character

Revitalize and sustain the governance structure

Build an influential team, capable of opposing management when necessary

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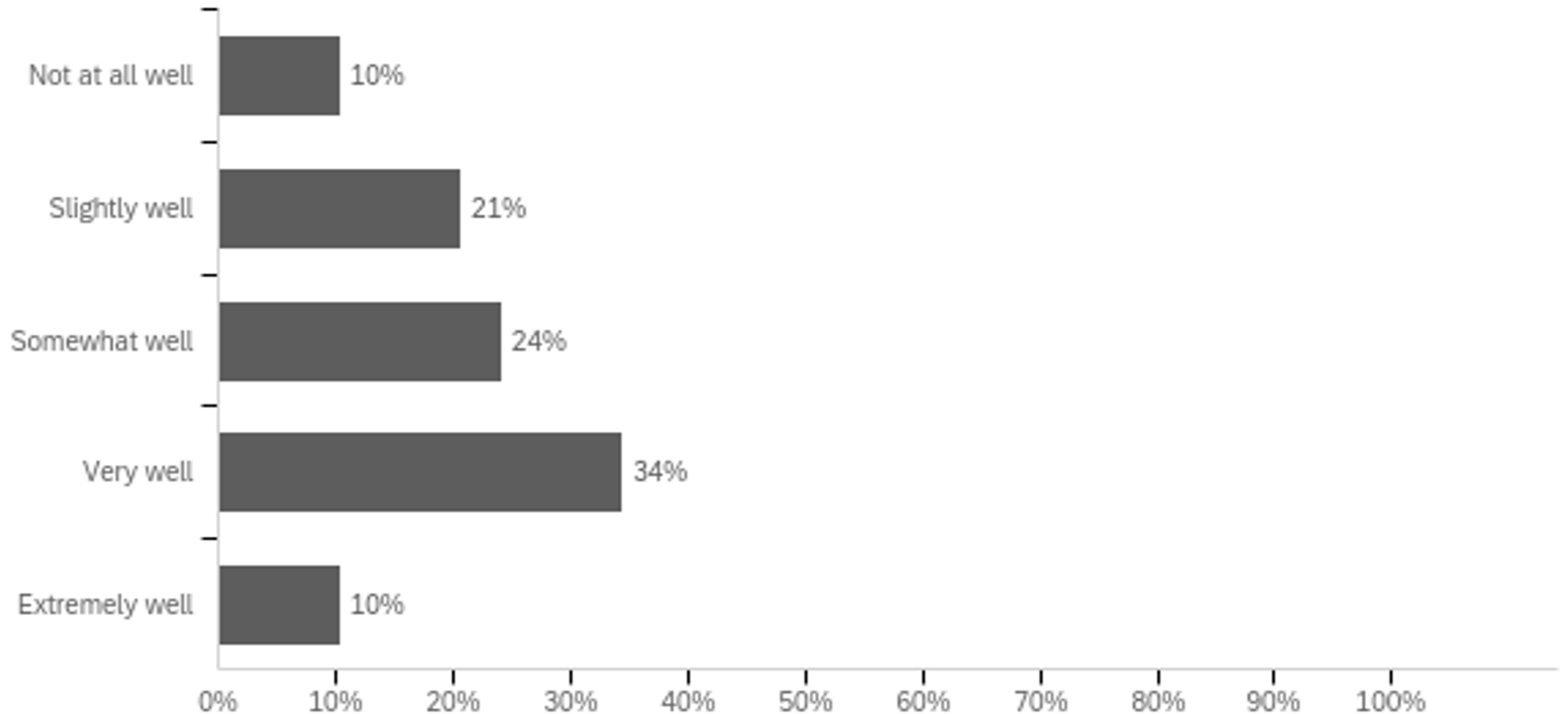
Preserve the co-op's character

Revitalize and sustain the governance structure

Build an influential team, capable of opposing management when necessary

Serve as trusted advisors to management

How well does the board strike an appropriate balance between supporting and challenging the CEO?



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Represent and communicate with co-op members

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Represent and communicate with co-op members

Align co-op's strategy and members' short- and long-term interest

ROLE OF MANAGEMENT

Handle day to day operations

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Handle day to day operations

Hire and supervise employees

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Provide financial information to the board

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Assure quality control

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Interact with clients

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Prepare an annual budget

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Handle day to day operations

Hire and supervise employees

Provide financial information to the board

Assure quality control

Interact with clients

Prepare an annual budget

Implement strategy (e.g. marketing plan, recruitment plan)

ROLE OF MANAGEMENT

Handle day to day operations

Hire and supervise employees

Provide financial information to the board

Assure quality control

Interact with customers

Prepare an annual budget

Implement strategy (e.g. marketing plan, recruitment plan)

Arrange necessary financing

GREY AREAS shared between the two

Public relations

Keeping members informed

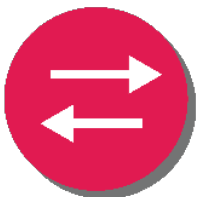
Employee working conditions

Speaking for the co-op regarding major mishaps

Manager's professional improvement

Manager's work plan

Setting and guiding strategy



Who decides criteria matrix

Criteria	High	Medium	Low
Urgency			
Cost			
Impact on financial health of co-op			
Impact on reputation of co-op			
Impact on co-op members			
???			

SCENARIO #1

Recruitment has been a challenge and the co-op is turning away business because it does not have enough caregivers. The administrator would like to try out a new recruitment strategy: offer members a bonus for every new caregiver they recruit and offer new caregivers a bonus after their first six months on the job.

Who should decide if the co-op moves forward with this plan?

What questions should the board ask the administrator?

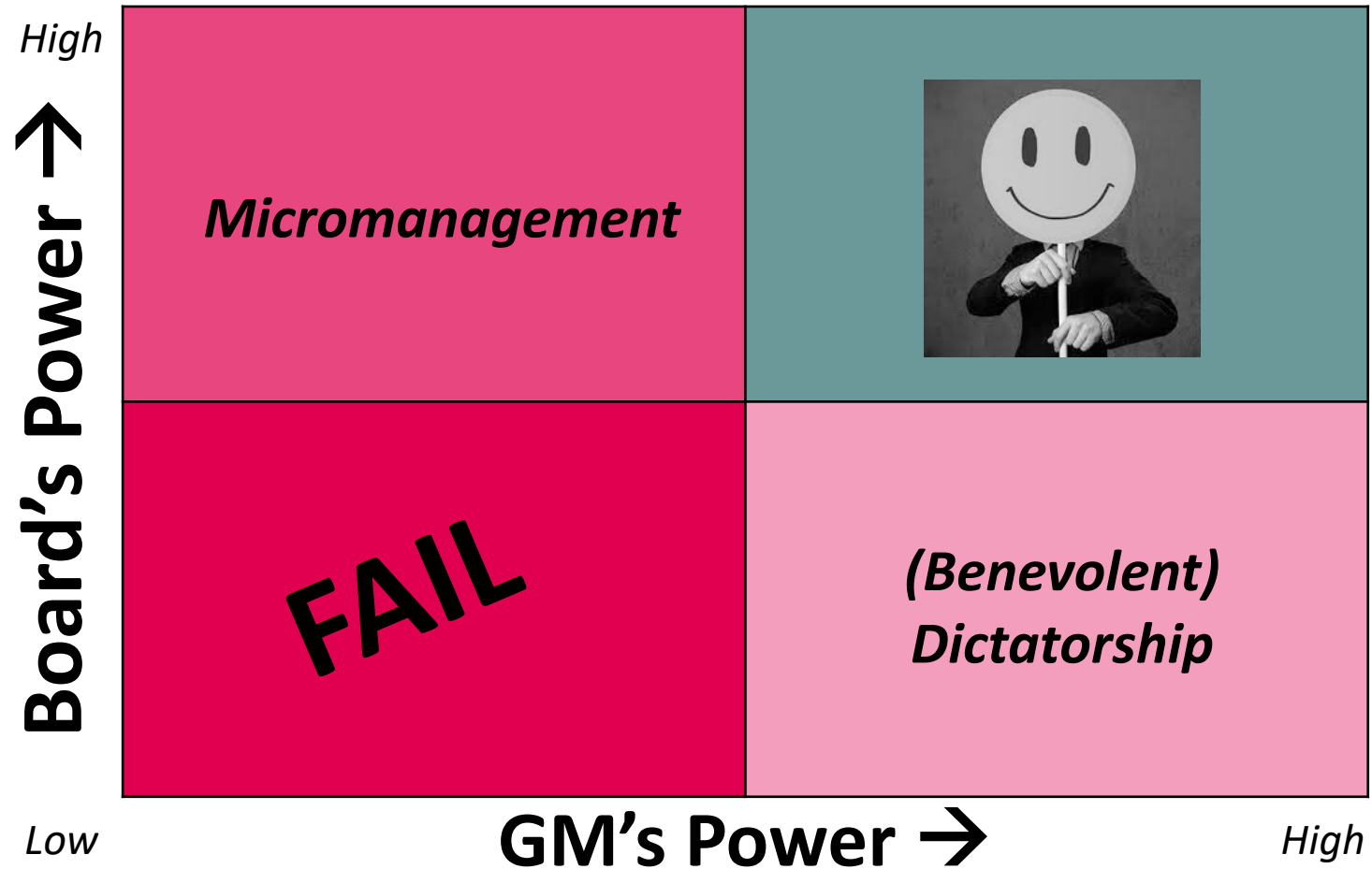
Who decides criteria matrix

Criteria	High	Medium	Low
Urgency		⊗	
Cost			
Impact on financial health of co-op		⊗	
Impact on reputation of co-op			⊗
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???			

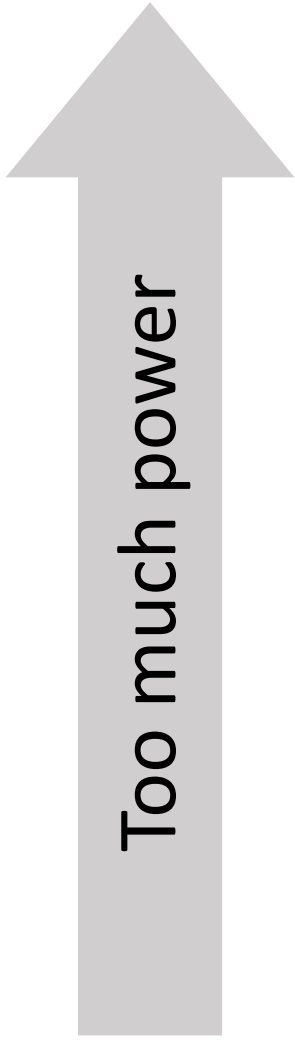


GOVERNANCE CHALLENGES

BALANCING POWER

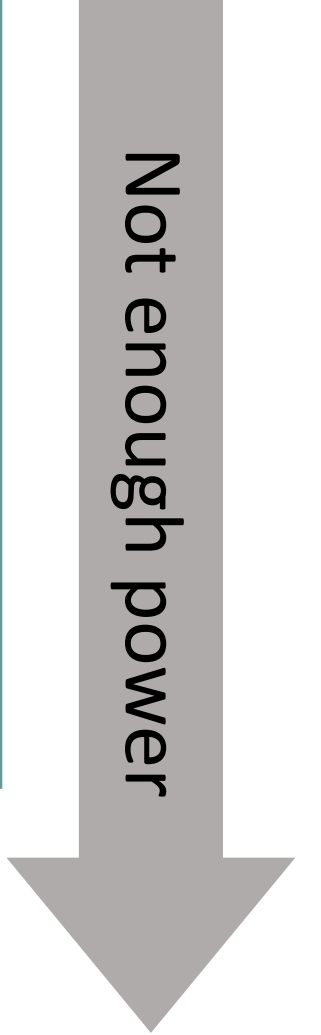


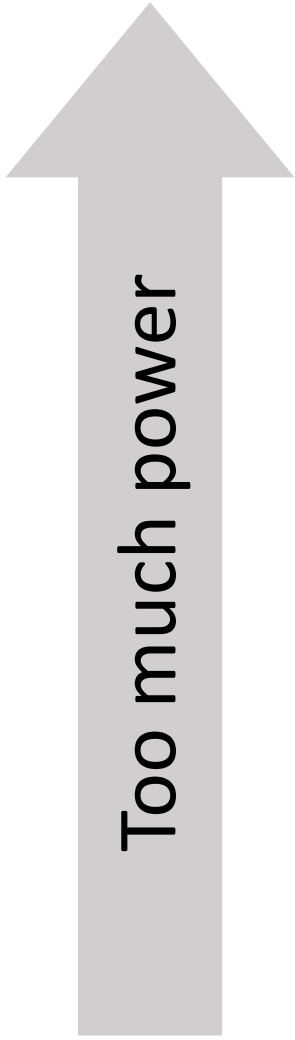
(Drawn from Art Sherwood's work on Cooperative Strategic Leadership)



GM "Dictatorship"

Disempowered Board

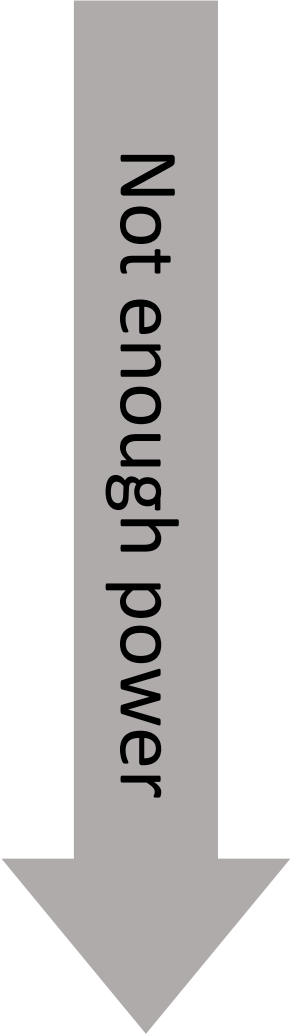


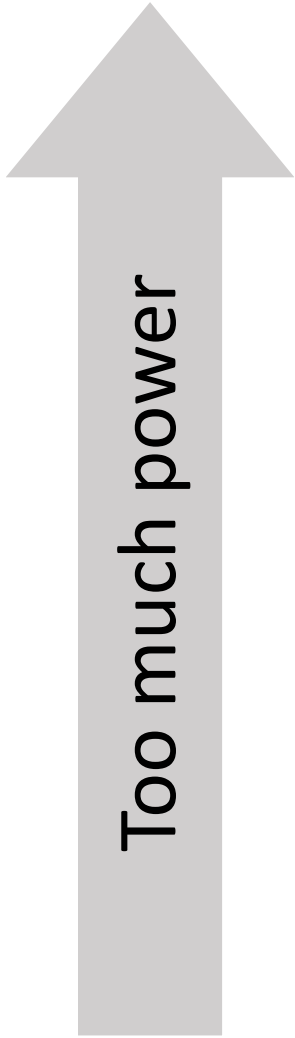


GM "Dictatorship"

Blind trust in GM

Disempowered Board

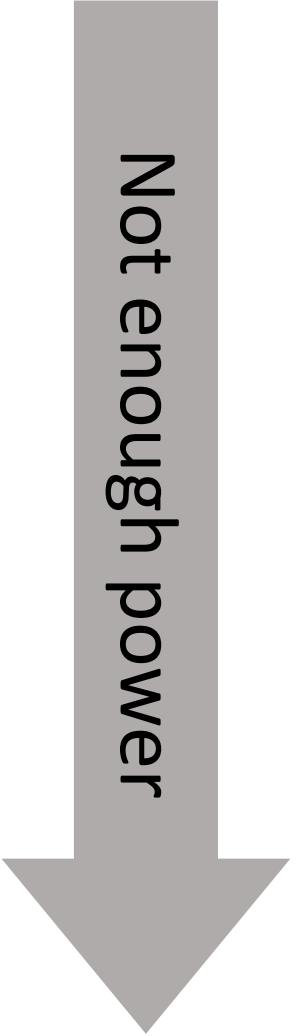


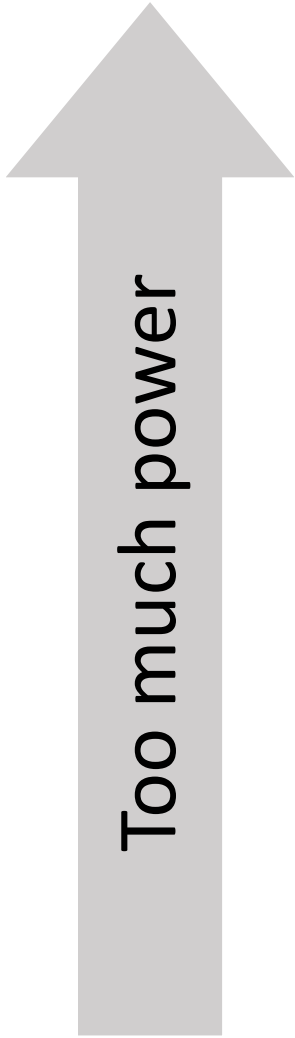


GM "Dictatorship"

Blind trust in GM
GM has a record of high performance

Disempowered Board

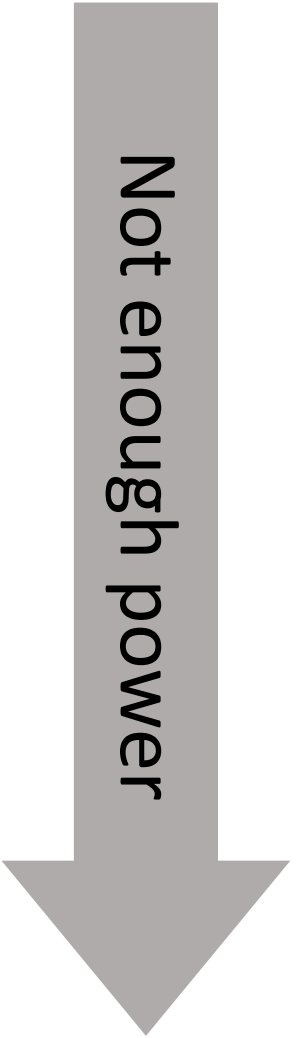


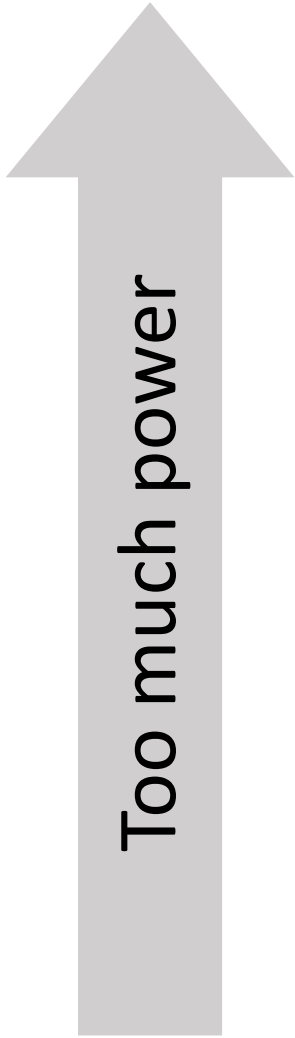


GM "Dictatorship"

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Board lacks skill/education

Disempowered Board





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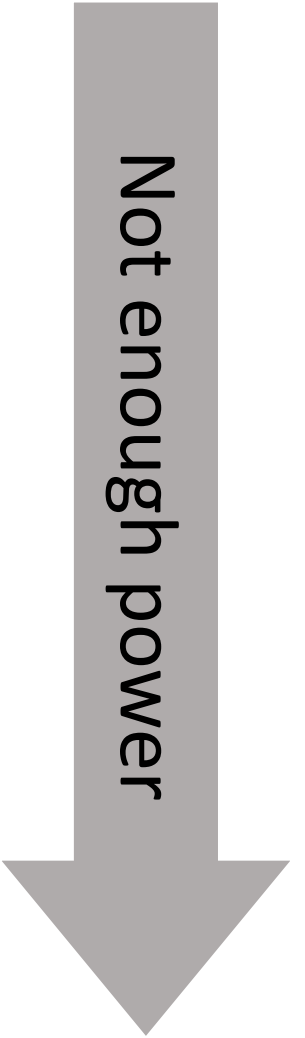
Blind trust in GM

GM has a record of high performance

Board lacks skill/education

Directors have insufficient time allocated

Disempowered Board





Too much power

GM “Dictatorship”

Blind trust in GM

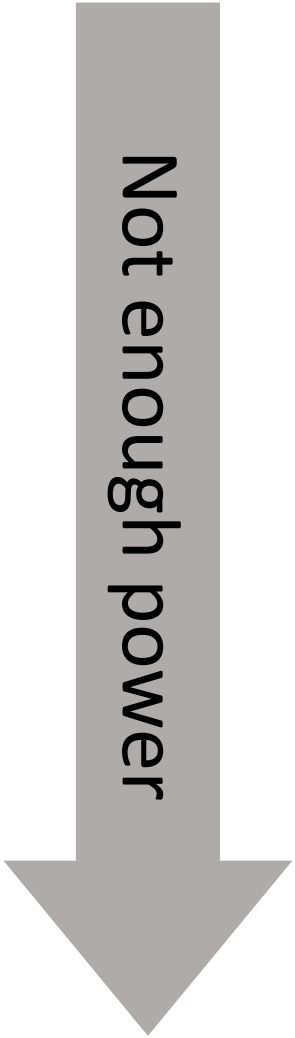
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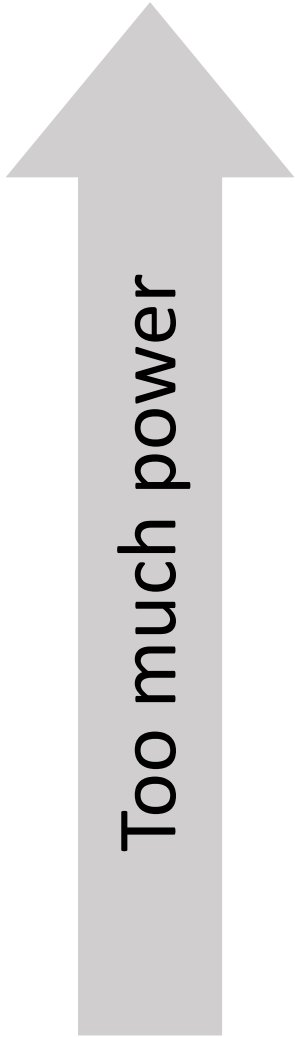
Directors have insufficient time allocated

Poor communication systems

Disempowered Board



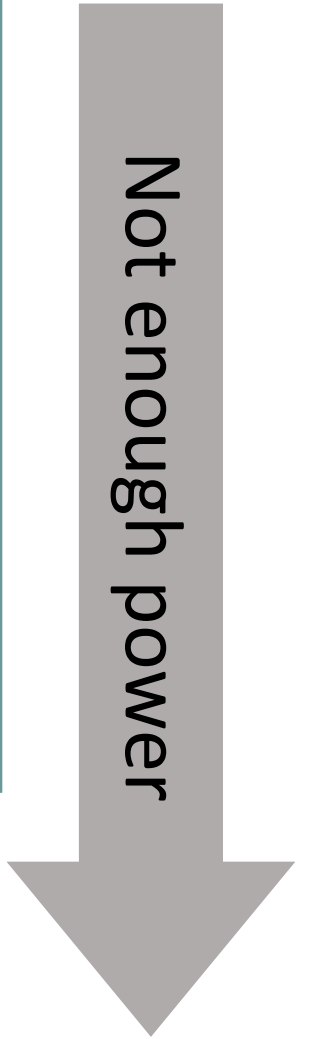
Not enough power

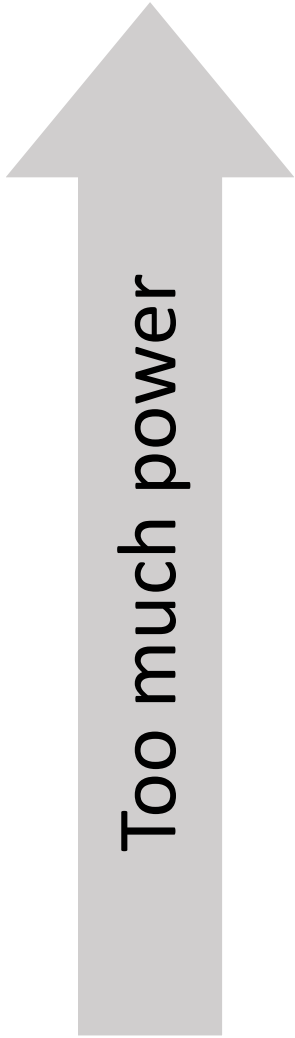


GM "Dictatorship"

- Blind trust in GM
- GM has a record of high performance
- Board lacks skill/education
- Directors have insufficient time allocated
- Poor communication systems
- Lack of transparency and information sharing

Disempowered Board

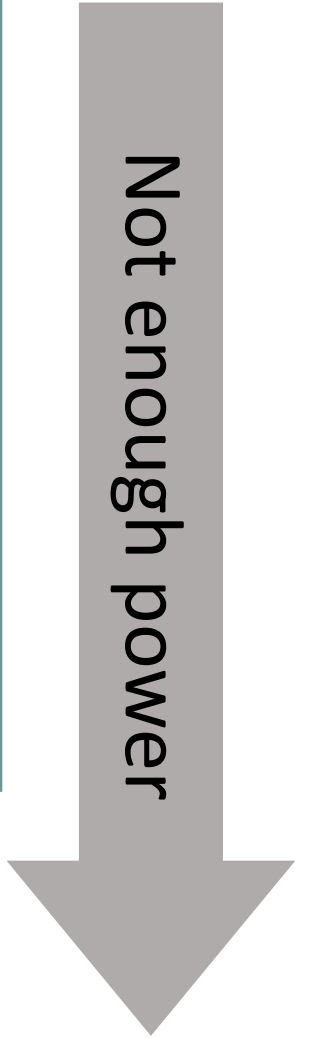


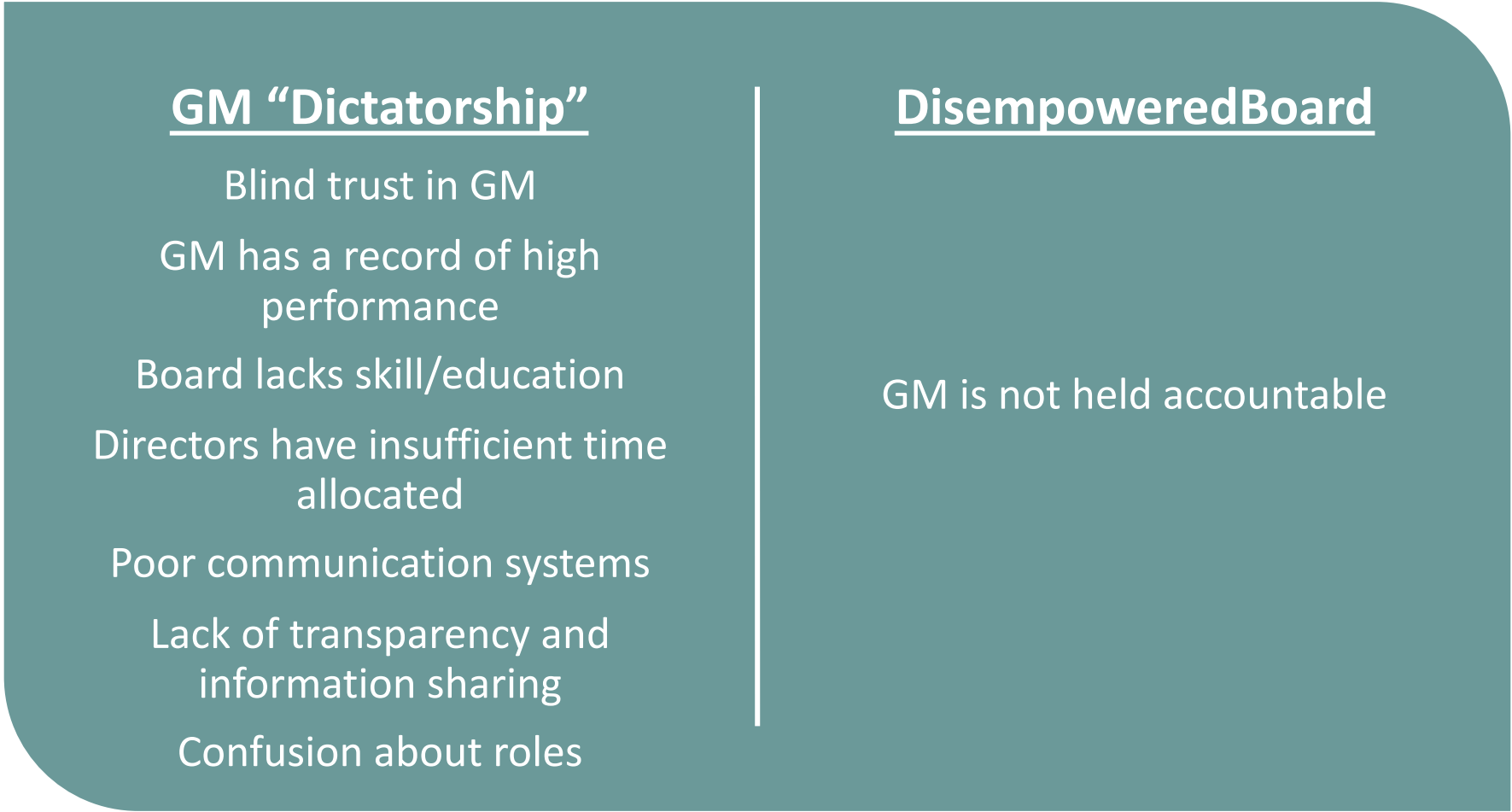
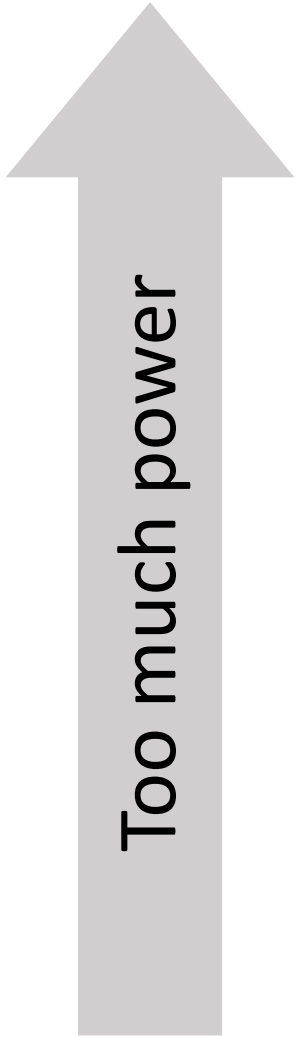


GM "Dictatorship"

- Blind trust in GM
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- Poor communication systems
- Lack of transparency and information sharing
- Confusion about roles

Disempowered Board



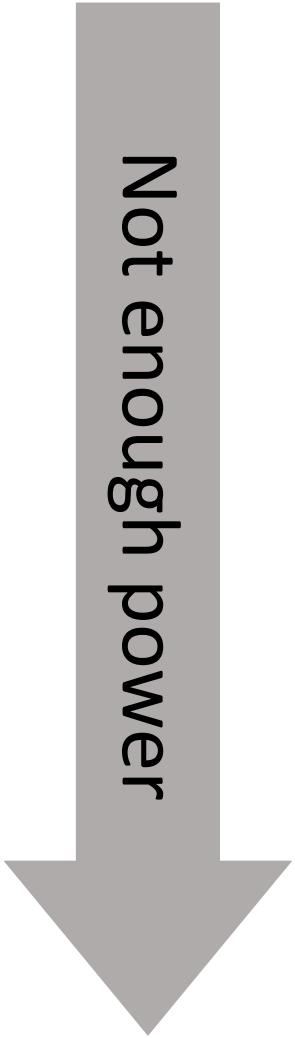


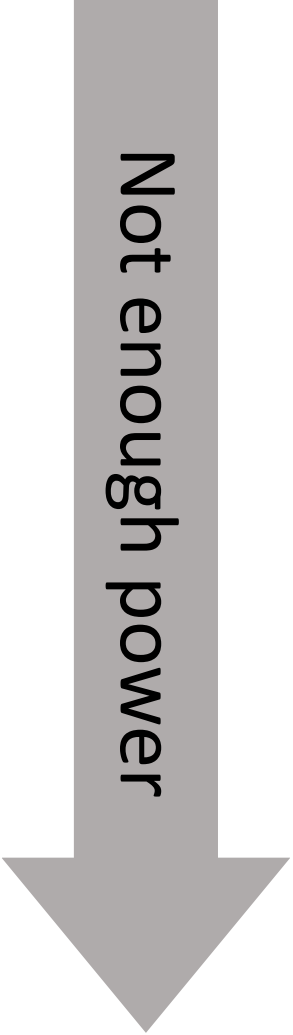
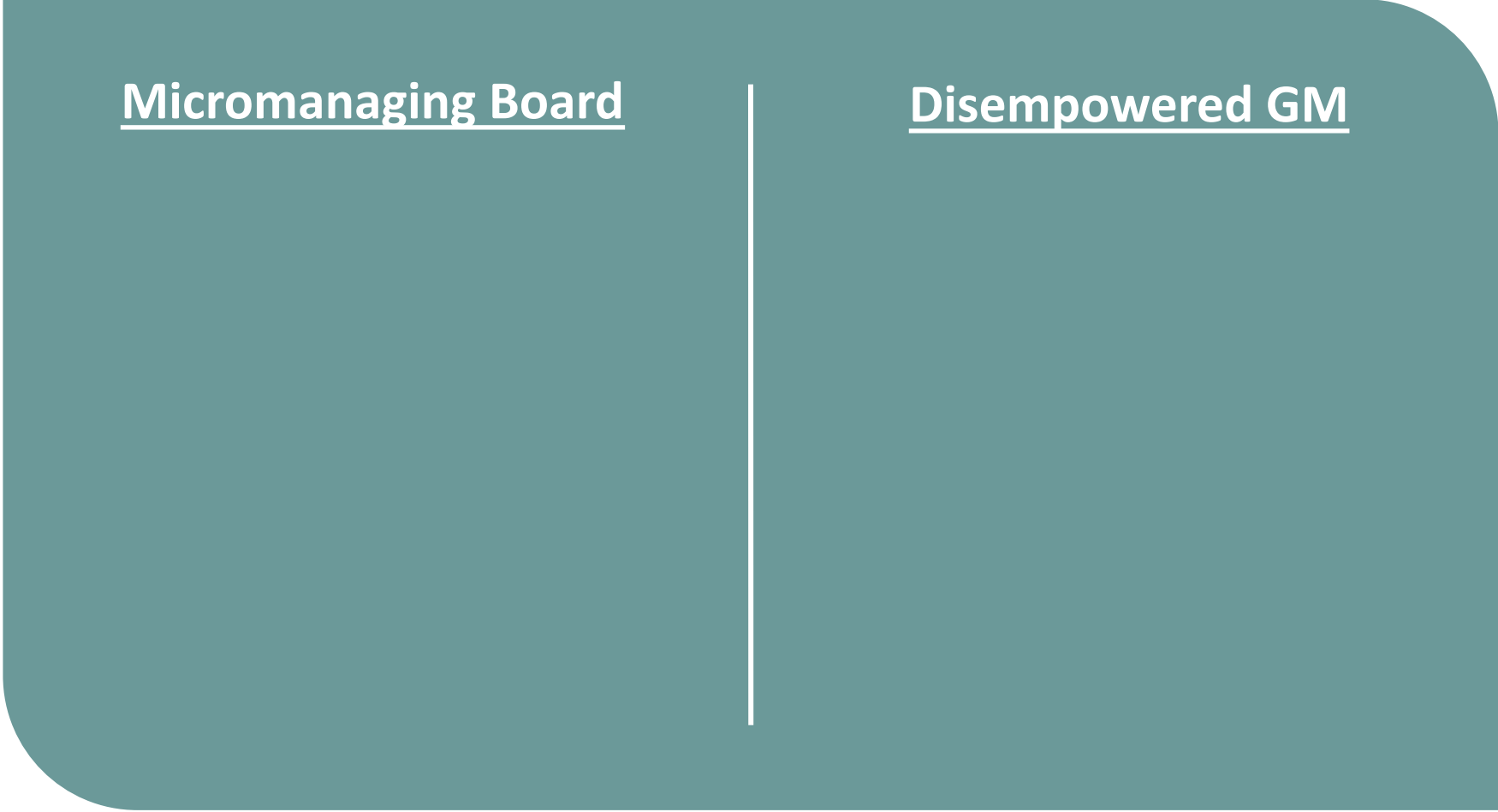
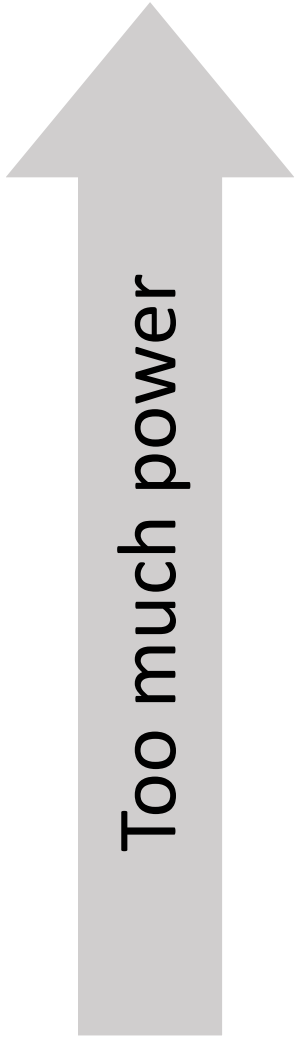
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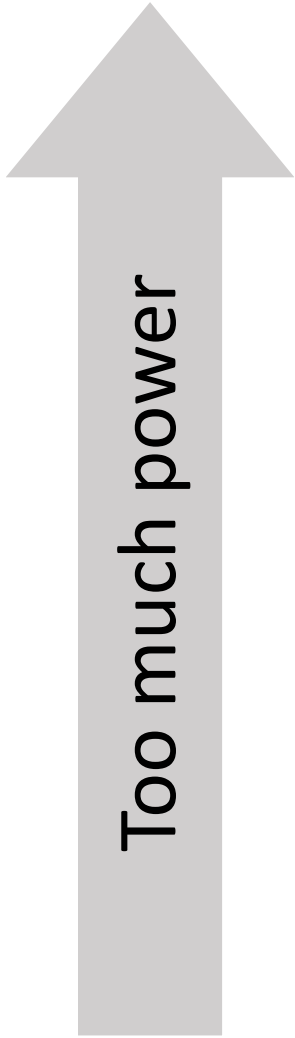
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Disempowered Board

GM is not held accountable



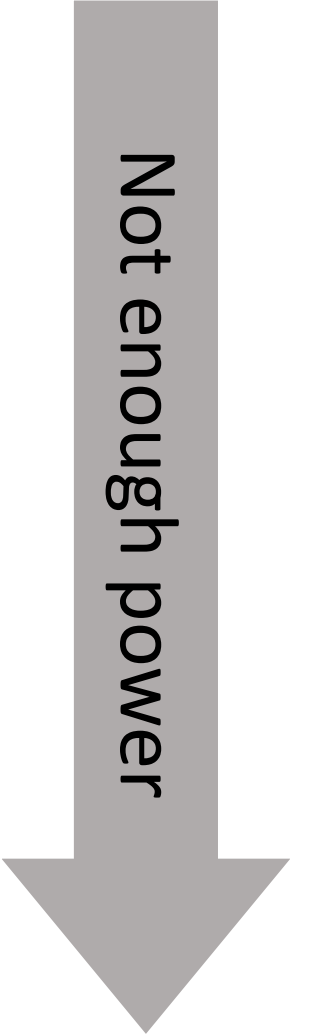


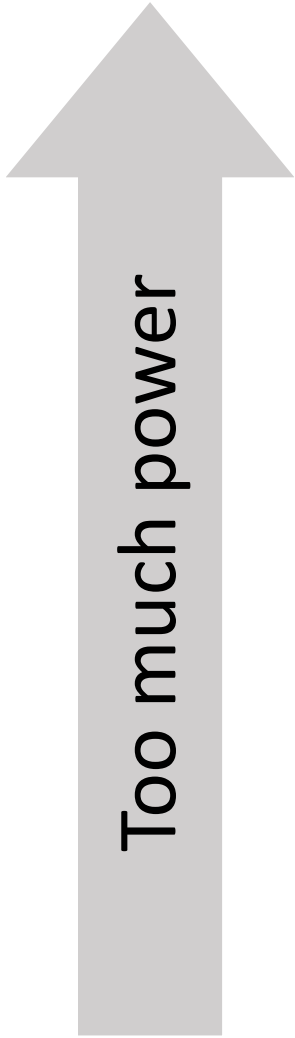


Micromanaging Board

GM is underperforming

Disempowered GM

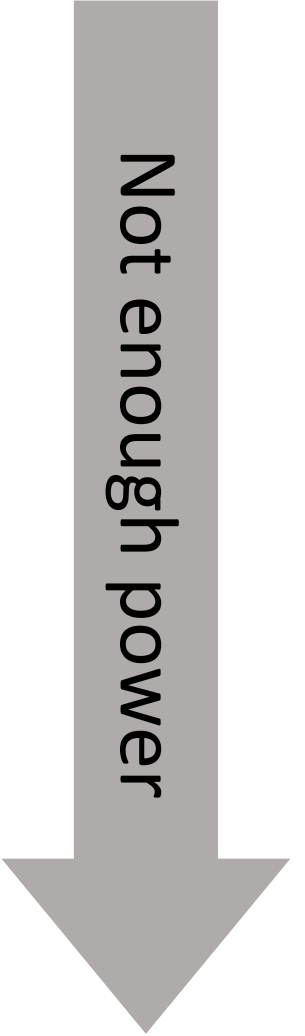


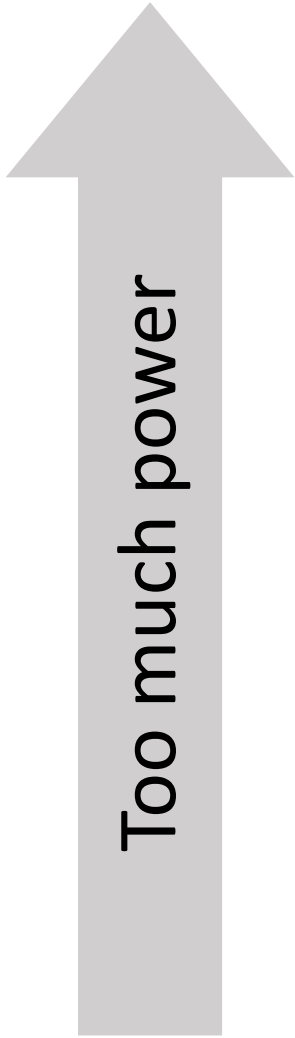


Micromanaging Board

GM is underperforming
Management/Labor power
dynamic

Disempowered GM





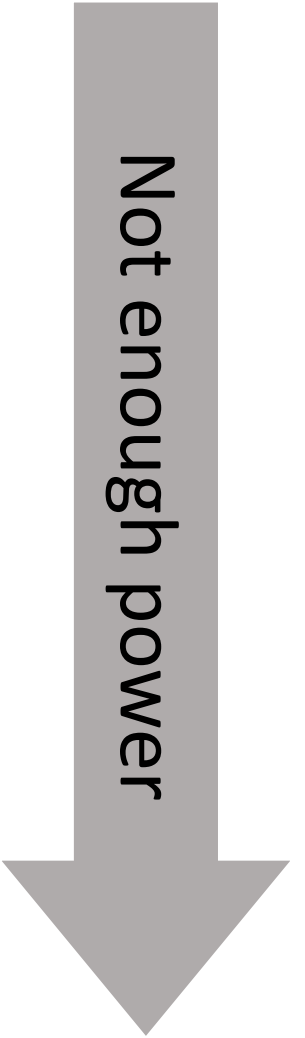
Micromanaging Board

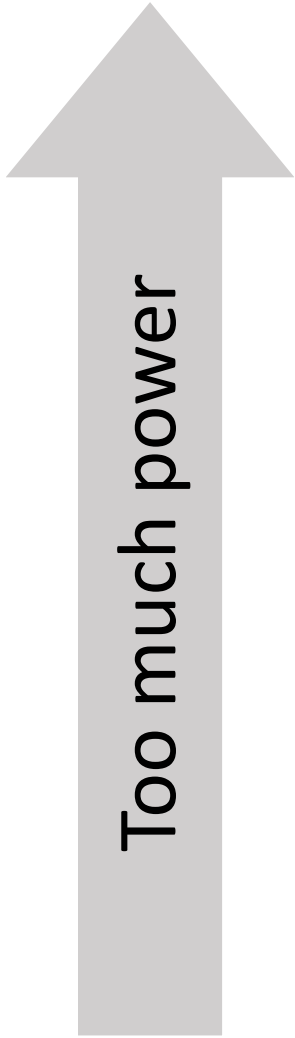
GM is underperforming

Management/Labor power
dynamic

Weak communication systems

Disempowered GM





Micromanaging Board

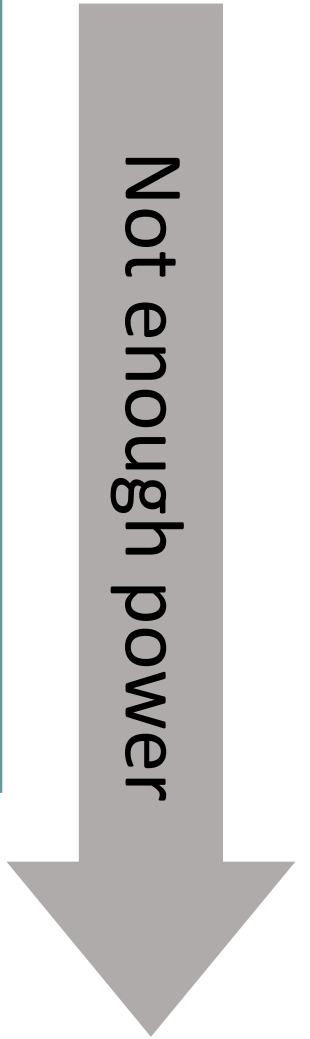
GM is underperforming

Management/Labor power dynamic

Weak communication systems

Unclear decision-making delineation

Disempowered GM





Too much power

Micromanaging Board

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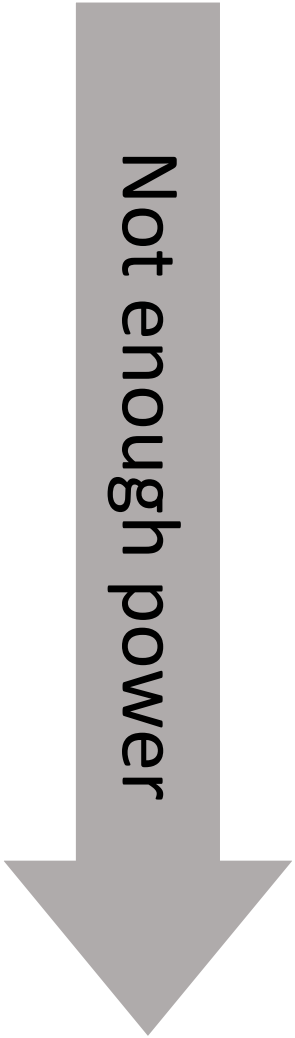
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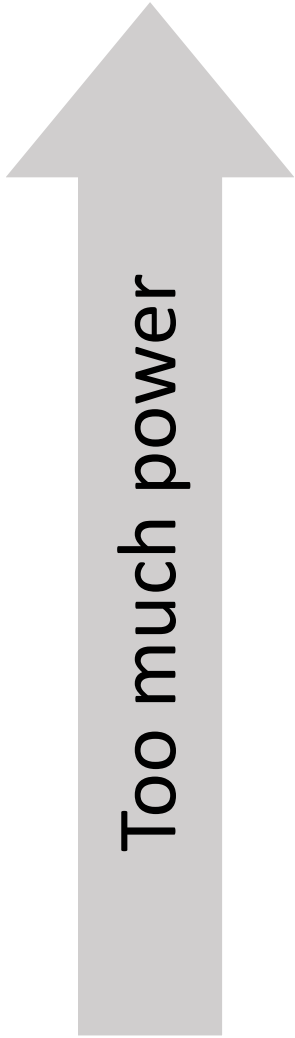
Unclear decision-making delineation

Board lacks understanding of role

Disempowered GM



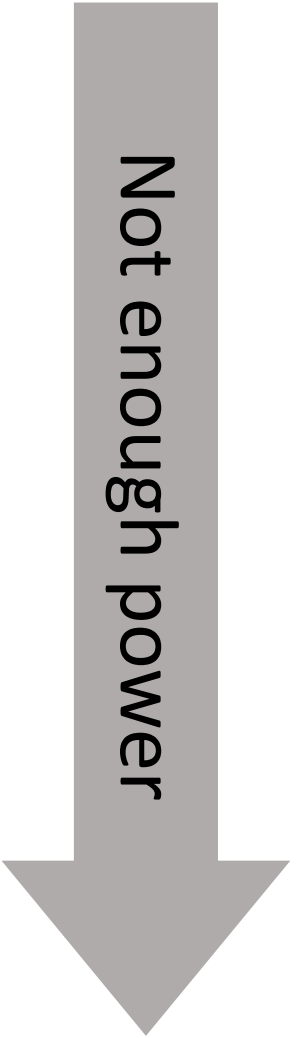
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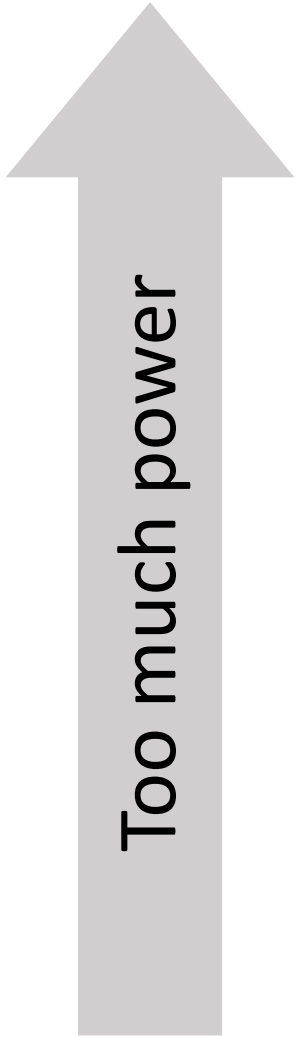


Micromanaging Board

- GM is underperforming
- Management/Labor power dynamic
- Weak communication systems
- Unclear decision-making delineation
- Board lacks understanding of role
- Missing skills

Disempowered GM

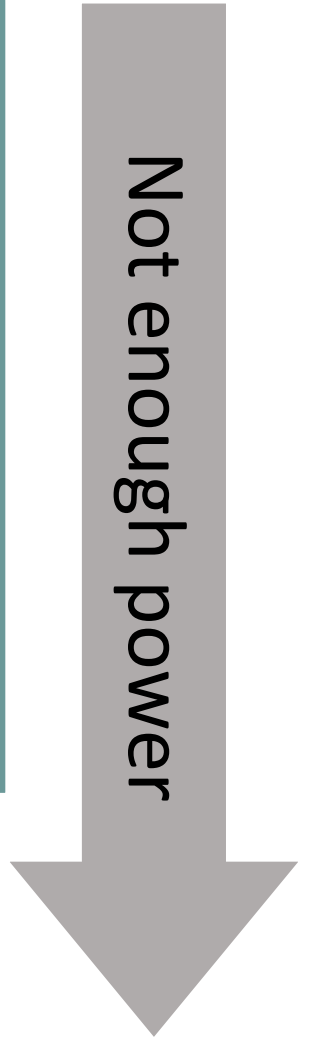




Micromanaging Board

- GM is underperforming
- Management/Labor power dynamic
- Weak communication systems
- Unclear decision-making delineation
- Board lacks understanding of role
- Missing skills
- Blind distrust

Disempowered GM



Too much power

Micromanaging Board

GM is underperforming

Management/Labor power dynamic

Weak communication systems

Unclear decision-making delineation

Board lacks understanding of role

Missing skills

Blind distrust

Disempowered GM

Unable to act with confidence

Not enough power

Healthy Trust and Accountability

Balance of Power



Trust



Account
ability

Healthy Trust and Accountability

Balance of Power

- Clear delineation of decision-making authority



Trust



Account
ability

Healthy Trust and Accountability

Balance of Power

- Clear delineation of decision-making authority
- Clear communication channels and reliable exchange of information



Trust



Accountability

Healthy Trust and Accountability

Balance of Power

- Clear delineation of decision-making authority
- Clear communication channels and reliable exchange of information
- Membership and board training/education initiatives



Trust



Accountability

Healthy Trust and Accountability

Balance of Power

- Clear delineation of decision-making authority
- Clear communication channels and reliable exchange of information
- Membership and board training/education initiatives
- Investment in relationships across cooperative



Trust



Account
ability

Healthy Trust and Accountability

Balance of Power

- Clear delineation of decision-making authority
- Clear communication channels and reliable exchange of information
- Membership and board training/education initiatives
- Investment in relationships across cooperative
- Regular evaluations of manager and board



Trust



Accountability

Healthy Trust and Accountability

Balance of Power

Trust

- Clear delineation of decision-making authority
- Clear communication channels and reliable exchange of information
- Membership and board training/education initiatives
- Investment in relationships across cooperative
- Regular evaluations of manager and board
- Conflict resolution and grievance procedures in place

Accountability

SCENARIO #2

At a transportation cooperative Board Meeting, while reviewing a marketing and sales report from the GM, a director who is a cab driver mentions a decline in revenue associated with medical accounts as his reason for setting up a meeting with the transportation manager of a local service provider. He has already suggested to the provider that the cooperative could provide rides to their clients at a reduced rate.

Where is the power imbalance in this scenario?

What tools for trust and accountability may be needed to achieve a balance of power?

SCENARIO #3

A small manufacturing company recently converted to a worker owned union cooperative. All ten members are on the board. The GM is the President. The GM/President presents a budget for approval that includes union approved wage increases for hourly positions as well as a salary increase for them. This is the first time members (with the exception of the GM) have seen and been responsible for approving a budget. The budget is approved without realizing the GM was granted a raise.

Where is there power imbalance in this scenario?

What tools for trust and accountability may be needed to achieve a balance of power?

ICONS

*For **best quality** if making larger, **upload separately.**

