



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 The Role and Potential of Board Committees



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The Role and Potential of Board Committees

Boards and committees. It seems like the two go hand in hand. We hardly ever hear about one without hearing about the other; a board that operates without committees is almost unheard of. Why is this? Why do boards use committees, and how can we enhance their effectiveness?

In this issue, we provide an overview of key guidelines to ensure that your board's committees are effective and contribute to the board's success. We recommend having clear committee charters that designate each committee's purpose, key duties, accountability, and operations, so that the board and its committees are aligned. We also offer guidelines for effective committee operations.

In preparing this issue, we found that co-op boards have a wide range of committees—with very different names and functions. We examine the core functions that committees carry out for boards, as well as typical committees. And what about the executive committee? Is it a useful construct or a vestige of sloppy governance practices? Finally, we offer a case study of La Montañita's member engagement committee.

This issue's study guide offers you a template for preparing charters for your committees, whether they are standing or ad hoc groups. In the end, we hope this issue is useful to you and your board. As always, we look forward to your feedback, suggestions, and experiences.



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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 available to all interested co-op leaders at no charge, thanks to the generosity of NCGA's Western Corridor members. You can find information about the LEAD program and all back issues at <http://www.cgin.coop/leader>.
- 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 spring 2012. That issue—tied in to celebrations of 2012 as the United Nations' International Year of Cooperatives—will focus on why co-ops are important and how directors can help grow and support their co-ops as co-ops, not just as businesses.
- For more information about NCGA, the Western Corridor, upcoming western regional board training events, the LEADer, or the BEST, contact:

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In Memorium



We dedicate this issue to **Howard Heyden**, longtime board member at Quincy Natural Foods and a regular participant and contributor at our regional board training sessions. In fact, Howard attended all seven regional training sessions held since April 2007 in Seattle, Sacramento, and Portland. Howard died suddenly while on a bike ride with friends on a beautiful fall day. We'll miss Howard and his contributions to our network.



Board Effectiveness Support Team

There's a Committee for That!

by Martha Whitman

Committees have great potential for adding value to the board, because it's easier for a small group than a large group to explore an issue in detail and to gain expertise on it.

As the governing body of the cooperative, the board must not only make sure all is well in the present but also to look ahead and align the co-op's values with the future. It's a big job requiring time and attention. It simply can't be accomplished solely at regular board meetings. The solution? Yup, you guessed it: committees. But only if you set them up to succeed. Done well, committees can turn a board from good to great. However, an ill-conceived or poorly managed committee can send the board down the proverbial rabbit hole. The goal is to add value to the board, and with good structure.

The starting point is to acknowledge that board committees exist to serve the board. If you currently have a committee serving another function, reconsider its proper place within the organization. It could very well be addressing operational issues and thus belong under the guidance of the general manager. Furthermore, resist the impulse to respond to an issue by automatically forming a committee. First, consider whether the issue is really board business. Even if it is, does it make more sense to assign a task to a specific person than send it to a committee? If ultimately the board decides it would benefit from a committee that can work on an issue in more depth, the first step is to create a clear committee charter, which the board should approve.

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There's a Committee for That!

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A committee charter spells out, among other things, the committee's purpose. To support board holism, always have a board member chair the committee. Sharing the workload is good, so you'll want more than one board member on the committee. But to keep the line of accountability clear, only one director should chair the committee. To build leadership skills, you can rotate the chair role, but that makes sense only with standing committees; ad hoc committees shouldn't be around long enough for that approach to be effective or appropriate.

Committees have great potential for adding value to the board, because it's easier for a small group than a large group to explore an issue in detail and to gain expertise on it. Committee meetings tend to offer a less formal setting than regular board meetings, which makes it easier to explore different perspectives. You also have freedom to involve a variety of outside people in the committee's work, tapping into an array of expertise and diversity. A well-written committee charter is a valuable tool for harnessing people and

their talent. A charter will help keep the committee focused on the specific task at hand while fostering a spirit of exploration for best outcomes.

There are also side benefits to committee work. First and foremost, you want the committee to meet its purpose and complete its assigned task. But beyond that, committees can provide other benefits to the co-op. They are an excellent mechanism for member participation, often helping create a pool of well-qualified board candidates. Co-op members can develop leadership and team-building skills on committees, gain a better understanding of the board's role, and learn to be effective directors. Committees are also an excellent option for retiring directors who still want to contribute to the board. It's a win-win situation: the outgoing director still participates but without the full load of director responsibilities; the board doesn't lose that member's wisdom and experience.

As wonderful as committees can be, it's important to respect members' time and energy.

Be mindful of the resources a committee consumes—not just member resources but co-op staff resources as well. In terms of the number of committees, less is more. Determine how many standing committees you really need and periodically review their charters to determine if they are still relevant. Be cautious before creating an ad hoc committee; there might be a simpler way to go. Limit the life of an ad hoc committee; avoid it dragging on too long. Always respect a committee's findings or recommendations. Don't waste a committee's time by rehashing all its work or setting it aside without rendering a decision.

Ideally, a committee should be engaged and productive. If that doesn't describe your committee, it's time to go back to the drawing board. If you think there's a problem, chances are others do too, and they'll welcome the opportunity to set the committee back on course. When well designed and effectively operating, committees can attract co-op members eager to join in and participate, and the co-op will be stronger for it.





Consistently Competent Committees

by Marcia Shaw

Like other groups with a task to accomplish, board committees benefit from clearly articulated goals and agendas. If your committee doesn't have a charter from the board, or if your charter seems stale or out of date, draft a new one for consideration by the board. If you do have a charter, review it every year to confirm that both board and committee members have a similar understanding of what topics or projects the committee will address. Nothing is more disappointing than working hard to produce something that doesn't fit the board's strategic plan. If you have an exciting new topic or angle for your committee, be sure to check it out with the board.

After a few years, any given committee should have plenty of history (and hopefully documentation of its work). There is nothing wrong with deciding that the committee's mission needs to be revamped, but that requires careful conversation with the board so that you are not wasting everyone's time. Also, be clear whether the committee is primarily a "think tank" responsible for research, documentation, and good ideas, or primarily a working group that implements member celebrations or summer picnics. Some folks love to theorize and talk policy but wouldn't be caught dead putting up decorations. Others aren't interested in nighttime meetings

but would be great at organizing volunteers or running a food fair. Be clear in your recruitment materials what kind of tasks the committee does, so you'll attract the right folks.

Your chair should give the board frequent, brief updates about what your committee is doing and timelines for completion of tasks. If there is a lack of congruence between board expectations and the committee's plans, correct the problem early in the process. If you get stuck or your committee can't agree on the path forward, you can present your dilemma to the whole board—but this should be the last option for resolving disagreements. The board probably has its own disagreements to handle.

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Consistently Competent Committees

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It is usually the job of the committee chair to provide the structure and mechanics to guide the work of the committee. A simple agenda with time allotments is usually all that's needed. The agenda should be provided about a week before a meeting, unless you are dealing with a topic that requires some preparation or homework ahead of time. If that's the case, hand the agenda out earlier.

Committees nearly always do one of three things: 1) gather or share information; 2) make decisions or articulate issues around which the board will make a decision; 3) solve problems—which might include making plans for later implementation or simply articulating parts of a larger issue. Sometimes the board will ask a committee to do some preparation work or information gathering to contribute to a larger discussion. In any case, it's useful for the committee agenda to designate which type of task

is at hand. If the task is simply to share perspectives to better articulate an issue, members will not be frustrated by the lack of movement toward a decision. Some topics just need discussion to get the ball rolling.

Your committee should have a designated recorder or secretary to take minutes. Minutes should be distributed within 48 hours of a meeting; e-mail makes that pretty easy. The minutes should record attendance, topics discussed, and decisions made. Also document any communication with the board or decisions the board makes concerning your committee work. Many groups now store this documentation in "the cloud" (online) rather than in a file cabinet. This system makes storage and retrieval much easier and is more transparent.

The success of any working group depends on its members and their cohesion and commitment. Approach recruitment with care to build a group and that is excited about its task and committed to the success of the co-op. Most committees rotate members, creating a gentle flow of new members replacing those retiring from the committee after a few years of service. You want both new perspectives and some experience every year. Along with the board, work out recruitment and retirement strategies to create predictable patterns of newbies arriving and

experienced hands moving on. That way, tenured committee members won't have to stay on forever because no one else knows how to do the job. You also don't want a group of brand-new committee members starting from scratch, with no experience around.

Chairing a committee of the board should not feel like an overwhelming job. If it feels like you do all the work and other members just sit and listen, you probably need to delegate more. Committee work can be fun, but it still requires a commitment to work outside of meetings and to help the discussion along during meetings. Make sure you are clear about what is required when you recruit committee members.

It's important to treat volunteers with the same professionalism that we accord paid co-op staff. That means that we recruit selectively, articulate expectations, and finish the year with some kind of evaluation. People who volunteer to work for the co-op generally do it because they feel they have something to offer, are dedicated to the co-op, and want to see it succeed. Make sure you are using people's talents and doing worthwhile work. Most co-op members have busy schedules and will not tolerate any group that wastes time. Be efficient, respectful, and effective. Mix in a little co-op food or drink, and you've got the recipe for a fruitful committee.



What Committees Do We Need?

by Paige Lettington

Committees are chartered to take on board work that is too extensive to accomplish within the framework of regular board meetings. While every co-op is different, typically committees take on common functions and activities.

Standing committees are chartered to handle functions that co-ops and their boards deal with on an ongoing basis. These functions may require a committee to meet on a regular schedule (monthly or quarterly) or only as needed. The board should have charters in place for

standing committees, and board members should be assigned or elected to chair them.

In contrast to standing committees, ad hoc committees are chartered to address current, specific issues that the co-op is dealing with. An issue may be relatively short term (such as analyzing data from a member-owner survey and presenting a report to the board) or longer term (such as planning for a store expansion). In either case, the board should develop and approve a charter, which clearly states the committee's purpose,

goals, deliverables, and “sunset date” or trigger denoting the end of the committee's work.

The following describes a typical committee structure. While your co-op might name committees differently or assign individual duties to more or different committees, if you have the functions described below covered in some way, you're on the right track.

Finance—This committee is often chaired by the board's treasurer. Its meetings typically include the general manager and the co-op's key finance staff. Responsibilities include ensuring that risk-management and internal control systems are in place and effective, ensuring and overseeing the annual audit (or review) and implementation of its key findings, and reviewing regular financial reports. The finance committee also typically reviews the co-op's annual budget and presents recommendations on financial issues to the board. This committee might take on an expanded role when the co-op undertakes an expansion or other large project.

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What Committees Do We Need

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Member Engagement/ Outreach/Education—This committee assists the board in maintaining member linkage. It also works with the co-op's membership staff to provide outreach to member-owners, shoppers, and the greater community and to educate them about the co-op and cooperatives in general. Committee members might participate in outreach events, membership drives, and member meetings, or write for the co-op's newsletter. They might also participate in planning member meetings, conducting member surveys, and planning board-member events. (See page 11 to learn about La Montañita's member engagement committee.)

Nominating, Elections, and Board Development—The best way board members can contribute to their co-op's ongoing success is to recruit strong, knowledgeable, and experienced board candidates and to ensure a sound democratic election process. While board nominations might sound like a once-a-year activity, they are more effectively accomplished when a committee works year-round to find and cultivate potential board (and committee) members and to carefully plan the logistics and details of board elections. This committee often also researches and recommends programs and resources to increase board effectiveness, such as training or group study activities. The committee should be chaired by a board member who is not up for reelection or will not be continuing on the board.

Policy/Governance—This committee reviews the co-op's policies and bylaws and drafts policy changes at the board's direction. It also coordinates reports on the board's policy

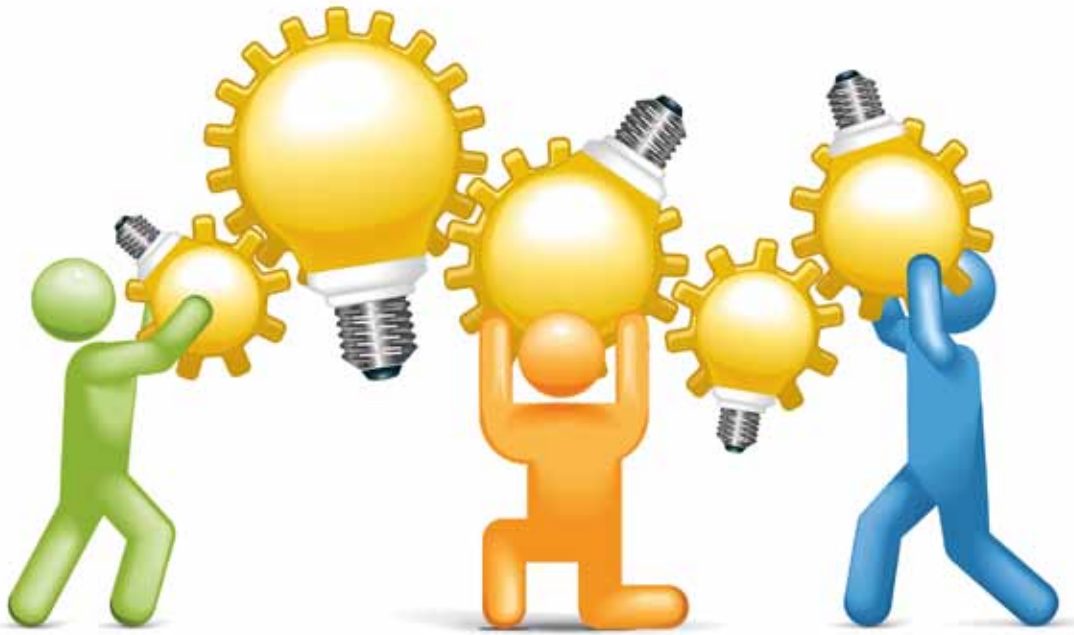
compliance. The committee may have broader responsibilities, such as ensuring that the co-op complies with applicable legislation and regulations, ensuring that a code of conduct and conflict-of-interest guidelines are in place and effective, and maintaining the directors' manual and other documents.

Executive—This committee is usually composed of the board's officers. It is often responsible for planning board meetings and making sure that the board calendar and strategic planning goals are adhered to. The executive committee is the first to be apprised of issues that come up between board meetings. It works with management to keep the rest of the board informed of such situations. This committee typically coordinates the general manager's evaluation process. (See page 9 for an article on the pros and cons of using an executive committee.)

The LEADer Is Online and Available to ANYONE!

The *LEADer* is 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.





The Executive Committee Why Bother?

by Lucinda Berdon

According to *Governance Matters*, a publication of the Canadian Cooperative Association, the use of executive committees (ECs) has dropped significantly in the past 15 years. Many older organizations have discontinued such committees while newer organizations have never chartered them. While ECs are more common in co-ops than in the private sector, many food co-ops work without an EC. However, there are some compelling reasons to consider one for your board.

Of all the committees, the EC is unique. To begin with, its makeup is often somewhat preordained; the EC is typically composed of board officers: the president, vice president, and treasurer, and occasionally the

board secretary. Sometimes the EC also includes chairs of senior board committees. The EC is also unusual in that it's the only board committee able to act on behalf of the full board between meetings when necessary. Thus it tends to function as a supercommittee of the board.

What's the Purpose of an EC?

The EC conducts business on behalf of the board and might be authorized to take official action on all matters for the co-op. The EC often coordinates the work of the board, recommends actions for approval by the full board, and acts on behalf of the board under certain circumstances. The beauty of an EC is that work that might otherwise land on

the board president's plate can be spread out among committee members.

In many food co-ops, ECs are primarily responsible for the GM evaluation and not a whole lot more. Some additional responsibilities might include:

GM Relations and Delegation

- Ensure effective and clear delegation of responsibilities to the general manager
- Act as a sounding board for the GM
- Coordinate the GM's evaluation, working with him or her to set goals, revise duties, and negotiate compensation

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The Executive Committee

Why Bother?

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Board Coordination and Operations

- Establish director job descriptions
- Coordinate board operations and communications
- Decide what needs to go to the board, in what form, and when
- Address issues that require discussion and refinement prior to board consideration
- Act on behalf of the board on routine matters that arise between regular board meetings

Planning and Leadership

- Build and foster leadership throughout the organization
- Assure that the organization's goals are being pushed forward
- Act on behalf of the board in crisis situations that cannot wait for a full board meeting

This last responsibility, stepping in during a crisis, doesn't come up often. But recently our board faced such a situation, and having an EC proved enormously valuable. Our co-op faced a bit of a crisis when our board president died suddenly, two weeks before an important member meeting, during our transition to a patronage dividend system, and during installation of a new point-of-sale system. As GM, I was overwhelmed. Our fearless leader was no longer with us. I was swamped with day-to-day details and a big project.

This was all new territory for us. The EC met immediately to discuss the implications. EC members went for a walk, came up with a plan, called an emergency board meeting, and began the process of moving forward. The show must go on, as they say.

The support I received from the EC during this crisis was invaluable. The EC filled in for the deceased president at the member meeting. It planned for the vacated board seat to be filled, offered assistance to me during the POS installation, and provided an in-store tribute and memorial to the president. Without the EC, it would have been a much more stressful time. With the EC's help, we were able to proceed with the co-op's business while also adjusting to the president's sudden absence.

Is an executive committee right for your board? Only you can say. But if you do choose to use an EC, its role and responsibilities (including reporting expectations) need to be clearly spelled out in a charter. The charter should specify when the EC will step in and when matters need to go to the full board instead.

The purpose of an EC is not to create a two-tiered board, with the EC having special powers or decision-making authority. Rather, it is to provide leadership to the board and the organization while promoting "board wholeness." We were lucky to have this committee in place when the sudden need arose.

It Works for Us

Member Engagement Committee

by Martha Whitman

Back in 2005, when La Montañita Co-op grew from two stores to four and from one city to three, we took a good hard look at how the board would stay connected to the membership. Regardless of a co-op's size, member communication is always a challenge and a never-ending process, but we faced a new twist in having members spread across half the state. How could we organize ourselves as effectively as possible? How could the board understand members' values and convey an

understanding of our work back to them? With those questions in mind, we revamped our member engagement committee.

To start, we put more muscle into the committee by asking more directors to participate. Then we began to devise a strategy. Our approach was to list how communication was already taking place, with activities grouped into three categories. First was one-way communication from the board to the membership; newsletter articles fell into

that category. Second was one-way communication from the membership to the board, such as the annual member survey. Third was bidirectional communication, often in real time, as experienced at annual meetings and other community events. By organizing our activities this way, we were able to identify our strengths and weaknesses. With that knowledge, we could strategize our year's planning, making sure we engaged in activities

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Membership Engagement Committee

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that touched each avenue of communication. We also identified venues or activities that could build connection from one year to the next. Developing this strategy turned out to be motivating, as it divided a daunting challenge into manageable pieces. Having a strategy gave us confidence and removed the background noise of feeling overwhelmed or not good enough.

Now jump to 2011. Our membership engagement committee is our most popular one. We lovingly call it the shadow board, for currently all but one director is on it. We're a lively group, using our combined brainpower to conjure up interesting projects. As you might imagine, there's food involved. We meet once a month at a director's home and make it a potluck. The relaxed setting stirs the creative juices, we enjoy each other's company, and the commitment doesn't feel burdensome. I should also mention that we aren't left with all the work, as the co-op's membership and marketing departments help bring most of our projects to fruition.

We still hear about our shopping cart quiz cards, a project from 2006 in which our goal was to show board governance as accessible and relevant to the membership. We take turns writing newsletter articles about governance and cooperative principles, encouraging people to run for the board, explaining how patronage rebates are determined, and so on. We've placed easel boards in stores, with challenging questions and attached pens so members can write their responses. Those responses became the basis of at least six newsletter articles penned by the "Membership Maven" (our version of Dear Abby). In addition to our newsletter articles, we publish "La Montañita's Co-op Comix," a comic strip designed to explain cooperative principles and values to young people. Eventually, the monthly bilingual strips will become a graphic novel available to any interested co-op.

This spring we hit the jackpot in enticing members to our booth on Earth Day. We had two large teardrop banners printed. One boldly stated, "Contribute Your Ideas!" The other simply identified us as "Your Board of Directors." The action statement worked. Members approached, and they spent time talking about values. The key was having an activity with which to engage them. We set up five flowerpots representing each of our Ends and gave each member ten garbanzo beans to vote with; the member could put all ten

beans in one pot or spread them around. The flowerpot labels were single words, such as "community" and "education," which pushed members to ask questions: "What do you mean by this?" Bingo! We had our entry point to talk about the big picture. Members absolutely loved voting with beans. Many laughed and giggled, and a few tried to eat one. After our three spring events (one for each of the big stores), we tallied the beans and, of course, wrote a newsletter article about it.

We have yet to determine how to measure the results of our activities. What I do see is that since creating our superpower committee, we rarely have uncontested board elections and we receive significantly more e-mails from members. More than 78 percent of our shoppers are members, telling us that they support and understand co-op programs. By consistently explaining the big picture, our committee's diligence has paid off. Now it's become second nature for all directors to consider how we can best engage with members.



La Montañita Co-op is a New Mexico-based consumer cooperative with four stores—two in Albuquerque, one in Santa Fe, and one in Gallup. The co-op also operates a Cooperative Distribution Center to support local farmers, ranchers, and producers; to bring high-quality local and regional food to consumers; and to build the local food economy.
www.lamontanita.coop

Check It Out!

For More Information

Additional articles that cover aspects of the board committees for further reading and consideration:

Compiled by Paige Lettington

“Executive Committees.” From *Governance Matters* by the Canadian Cooperative Association, February 2009. A look at the “most controversial of board committees.”

http://www.coopscanada.coop/assets/firefly/files/files/GovMatArchives/GM18_Feb09.pdf or <http://s.coop/7i04>

“Board Committee Models.” From *Governance Matters* by the Canadian Cooperative Association, April 2009. An overview of traditional co-op board committees, committee structure under Policy Governance, and a third option (“reform governance”). http://www.coopscanada.coop/public_html/assets/firefly/files/files/GovMatArchives/GM19_April09.pdf or <http://s.coop/7i00>

“Myths & Maxims for Co-op Boards” by Karen Zimelman. From *Cooperative Grocer* magazine, May/June 1994. See the section on committees. <http://www.cooperativegrocer.coop/articles/2004-01-09/myths-and-maxims-co-op-boards> or <http://s.coop/7hzz>

“Finance Committee Finesse” by Scott Beers and Margaret Lund. From *Cooperative Grocer* magazine, March/April 1998. Discusses the finance committee’s role and how not to encroach on the GM’s role. <http://www.cooperativegrocer.coop/articles/2004-01-09/finance-committee-finesse> or <http://s.coop/6b8>

“Director Recruitment: The Nominations Process” by Karen Zimelman. From *Cooperative Grocer* magazine, March/April 2008. Discusses the nominations process, including the role of the nominating committee. <http://www.cooperativegrocer.coop/articles/2005-12-05/director-recruitment-nominations-process>



Join Us in Portland!

Our spring 2012 board training session will be held on March 31 in Portland. More information on the program, as well as logistical and registration details, will be available soon.

COMMITTEE CHARTER TEMPLATE

A LEADer STUDY GUIDE

by Cindy Owings

Committee charters, or job descriptions, come in varied stripes. But all include general elements such as a statement of purpose and descriptions of the committee's status, structure, and responsibilities. Following is a committee charter template. Included are general header topics, with a brief description of possible content for each topic.

COMMITTEE NAME: The name should be distinctive and descriptive of the committee's purpose.

PURPOSE: What is the committee's rationale and intention?

STATUS: Is the committee permanent (standing) or as needed (ad hoc)?

DUTIES: What is the function of this committee? What are its specific duties and responsibilities? How will it achieve its purpose?

CHAIR: Will the chair be a board member? How will he or she be appointed and by whom?

COMMITTEE COMPOSITION: Define the committee's membership, including the number of members, length of terms, maximum number of directors on the committee, and participation of non-board members.

MEETINGS: Will the committee be on call, or will it adhere to a standing schedule of meetings throughout the year? How long will meetings normally last? Where will meetings take place?

BUDGET: Will the committee require funds? If so, where will funding come from? How will funds be handled? How will committee finances flow out of the overall co-op budget?

REPORTING TO BOARD: How will the committee report its actions to the board? How often? Who will do the reporting? What level of detail will be given?

SELF-EVALUATION: How and how often will the committee evaluate its own functions, personnel, accountability, and effectiveness?