

Governing for the Future: The Board's Role in Expansions

With Mark Goehring with special guest Bill Gessner

Provided as part of the CBLD program

www.cdsfood.coop/cblld

Abundance Co-op, Rochester, NY
Berkshire Co-op Market, Great Barrington, MA
Brambleton Food Cooperative, Brambleton, VA
Chatham Marketplace, Pittsboro, NC
Chico Natural Foods, Chico, CA
Common Market, Frederick, MD
Cook County Whole Foods Co-op
Co-opportunity Consumers Co-op,
Santa Monica, CA
Deep Roots Market, Greensboro, NC
East End Food Co-op, Pittsburgh, PA
Ever'man Natural Foods, Pensacola, FL
French Broad Food Cooperative, Asheville, NC
Green Fields Market, Greenfield, MA
Hendersonville Community Co-op, Hendersonville, NC
Hunger Mountain Co-op, Montpelier, VT

Just Food: Northfield Community Co-op
La Montanita Food Cooperative, Albuquerque, NM
Menomonie Market Food Co-op, Menomonie, WI
Middlebury Natural Foods Co-op, Middlebury, VT
Mountain View Market, Las Cruces, NM
Ozark Natural Foods, Fayetteville, AR
People's Food Co-op, Portland, OR
Sacramento Natural Foods Co-op, Sacramento, CA
Silver City Food Co-op, Silver City, NM
Syracuse Real Food Co-op, Syracuse, NY
Takoma Park Silver Spring Food Co-op, Takoma Park, MD
Weaver's Way Cooperative, Philadelphia, PA
Wheatsville Co-op, Austin, TX
Wild Oats Co-op Market, Williamstown, MA

Welcome!

Today's session is meant to be interactive.
We ask that you use the GoToWebinar question and
answer tool to submit your questions and comments.

**What makes expansions special?
(audience participation!)
you can submit your own answers to this by typing
them into the GoToWebinar
“question and answer” widget (dialogue box)...**

- The need for the board and the management to define and create alignment of purpose and shared understanding
- differing levels of comfort with or aversion of risk
- Community
- Objectives other than profit
- The relationship between owners and management, management and board
- fear of the unknown

Learn, Listen and Lead

Commitment, Engagement and Alignment

Control, Delegate and Evaluate

Role of Board of Directors in an Expansion Project

Expansion projects highlight the need for **directors to work together** to ensure that the co-op has a **strong governance system** and that the board can **do its job well**, even with **different directors** serving on the board **over time**.

The Four Stages of Your Co-op's Expansion Project

From the Expansion Toolbox by Bill Gessner

Development Timeline for Expansion/Relocation Projects
The following is an outline of the four stages

Stage 1: Feasibility (3 months to 3 years)

Commitment and Planning

Strengthening and positioning

(initial contacts with lenders and designers: sell your project

Site Search and securing

(major decision point: Sign lease or purchase agreement, with contingencies)

Stage 2: Preparing for leasehold improvements or Construction

(2 to 12 months)

Design, bids

Financing

Stage 3: Leasehold Improvements or Construction (2 to 12 months)

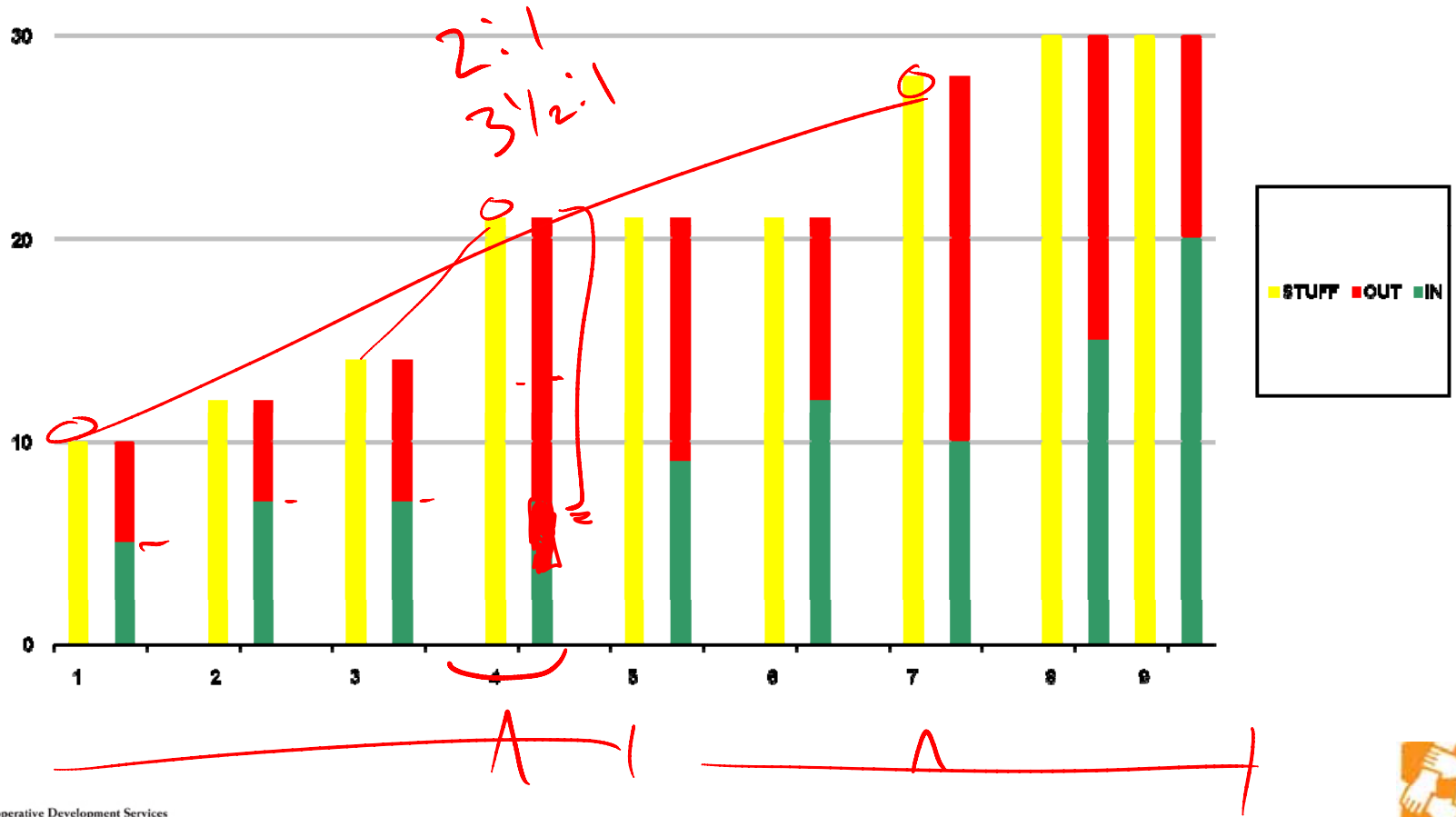
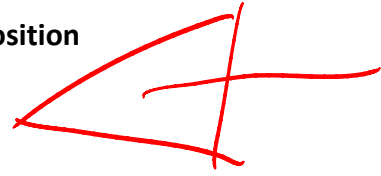
Stage 4: Prepare for Opening (1 to 3 months)

Role of Board of Directors in an Expansion Project

With an expansion comes **change and risk**.

As the **accountability link** between members and operations, the board must understand and be comfortable with how the board controls, delegates and evaluates through its policies and monitoring process.

From the Cooperative Grocer article:
Balance Sheets: Getting the picture of your co-op's financial position
 BY MARK GOEHRING
http://www.cooperativegrocer.coop/files/balance_sheets.pdf



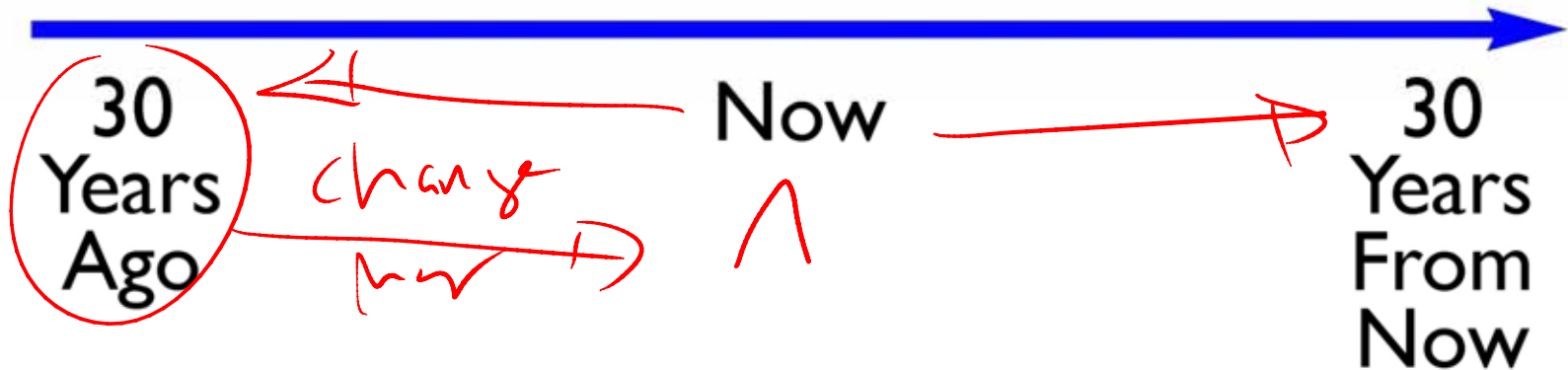
Role of Board of Directors in an Expansion Project

Expansions often symbolize a co-op's progress on a shared vision: the delivery of value to its members. In addition to providing accountability, the board also provides leadership by demonstrating clear alignment with management and an increasing level of commitment as an expansion project matures.

What difference are we trying to create?

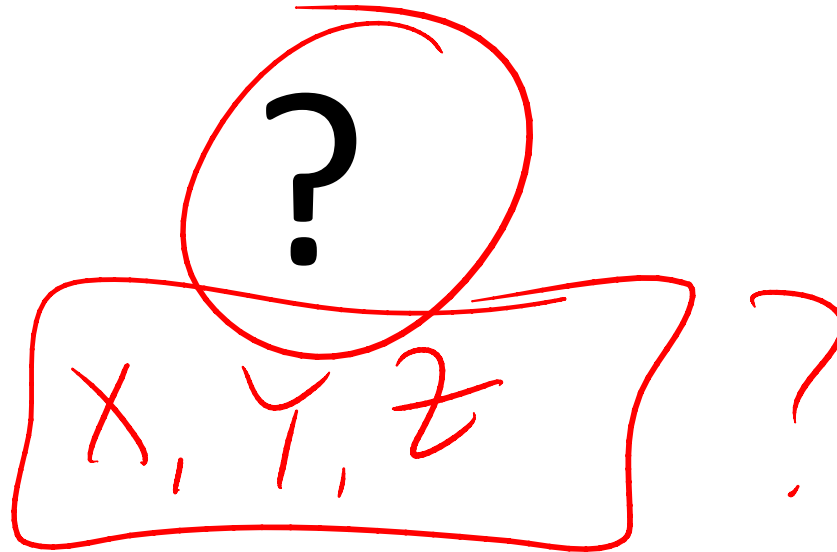
(And for directors: how do we learn to talk about it?)

(And for managers: how do we create strategies and plans to make it happen?)



As a result of all the efforts, all the programs and activities of the co-op we will have...

include expansion



Role of Board of Directors in an Expansion Project

Learn, Listen and Lead

an ongoing process that helps the board “think” (with others) about the future of the cooperative.

- Identify topics, trends and values
- Study and Engagement
- Reflect on policies
 - Results, recipients, costs (why we would do anything!)
 - Avoiding the unacceptable (what would be unacceptable?)

(see chart in “Files” section of this project for a graphic depiction of this pattern)

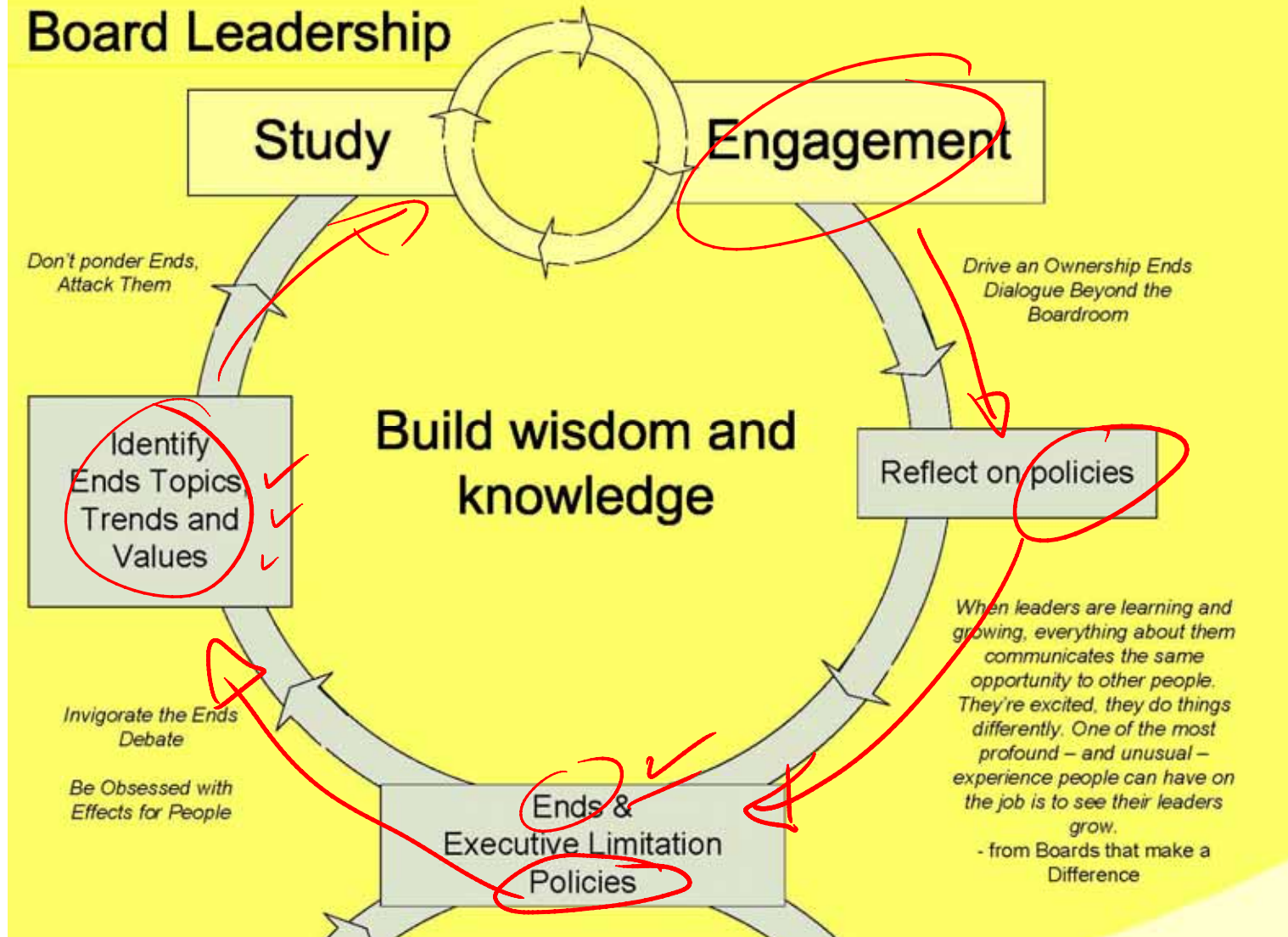
Board Leadership



Policy



Board Leadership



Role of Board of Directors in an Expansion Project

Commitment, Engagement and Alignment

- Why is commitment such an important aspect in an expansion project? How do you test for commitment?
- What does it take to feel comfortable and to be accountable for committing resources in a manner that considers the whole scope of the project?
- If an expansion project takes years to play out, how does the board stay connected to its past commitment?

Role of Board of Directors in an Expansion Project

Commitment, **Engagement** and Alignment

- What does engagement look like?
 - Board and members ✓
 - Board and GM
 - GM and members ✓
 - GM and Board
 - Members, Board, GM and the project
- Why is engagement essential?

Role of Board of Directors in an Expansion Project

Commitment, Engagement and **Alignment**

- What does Alignment look like?
 - Board and members
 - Board and GM
 - GM and members
 - GM and Board
 - Members, Board, GM and the project
- Why is alignment essential?

Role of Board of Directors in an Expansion Project

* Control, Delegate and Evaluate

A good practice as a director and board is to always ask:

* What have we already said about this?

Because just maybe you'll discover that the board has already written down some relevant expectations.

Expansion projects come with KEY DECISION POINTS

Role of Board of Directors in an Expansion Project

Control, Delegate and Evaluate

- A board using Policy Governance should review these policy areas to see what it has already said...
 - Ends Policies ✓
 - Executive Limitation Policies (for example: Planning, Financial Conditions and Activities, Asset Protection) ✓
 - Board / GM Relations (how have we defined this relationship?)
 - Board Process (how have we defined our role?)

1-75

Role of Board of Directors in an Expansion Project

Control, Delegate and Evaluate

- **Ends/Mission...** An expansion project can be a clarifying process for the cooperative regarding Ends/Mission accomplishment.
- **Examples?**
- Community engagement process included a survey of the members... major part of finding out the direction we should go... Ends policies came from member input
- “people have access to local healthy foods” for example... A GM in putting together a long term plan could describe how expanding the operations could accomplish this... more... Local agriculture, local suppliers...

Role of Board of Directors in an Expansion Project

Control, Delegate and Evaluate

Executive Limitations...

- What is the board worried about?
- Has it already addressed this in policy?

Take the opportunity to explore these topics in advance.

Board Process and Board /GM Relations...

Does the board need to become an “expansion expert”?

How does it judge and make good decisions about the project as it progresses?

Role of Board of Directors in an Expansion Project

Some of the known challenges

(audience participation!)

- Takes much longer than you might imagine ✓
- Costs more money than you might imagine ✓
- Brings up lots of issues about money
- Requires a realistic look at organizational readiness
- Puts new, different, major demands on the organization
- Management transitions, manager burnout
- Board transitions, board burnout, confusion over roles, over stepping of boundaries
- More:

To conclude:

- Learn, Listen and Lead
- Commitment, Engagement and Alignment
 - Control, Delegate and Evaluate

How often can you celebrate during this process? (audience participation!)

DAILY