

Governance:

ensuring the best heart and head for your co-op
(often the hands and feet too)



Audience

- start-up co-ops (approaches to help you get a legal, sustainable, practical start)
- experienced co-operators (hoping to generate some “ah ha” moments for you and get YOUR input on best steps for start-ups)
- co-operative non-co-ops

Aspects of Governance

- Responsibilities
- Rights
- Four legged stool
- Efficiency (AGMs, Board meetings, on going work)
- Conflict of roles
- Succession planning, member engagement

Responsibilities

- Legal
- Corporate
- Operational

Legal Responsibilities

- **Incorporation.** Create, read and understand YOUR Rules of Association (by-laws) and all other incorporation documents.
- Understand and act according to your **Duty of Care**: exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Be informed. Ignorance is not a defence.

Legal Responsibilities

- Understand and act according to your **Duty of Loyalty**: act with honesty and in good faith in what they reasonably believe to be the best interests of the co-operative.
(Ensure that you have and understand a "No-Profit Rule" and "No-Conflict Rule").

More Legal Responsibilities

- Ensure that the Board maintains adequate records
- Safeguards assets
- Prepares an annual budget, operates with attention to that budget, prepares annual financial statements and makes them available to members

And more Legal Responsibilities

- AGM and Annual Filing of reports
- Meetings (notice, quorum, process, minutes) held in accordance with Rules / Bylaws
- Ensure compliance with federal, provincial and municipal legislation (Human rights to storage)

Corporate responsibilities

- Member care and Engagement
- Vision
- Plan
- Hire the Executive Director (or dividing the work)
- Voice
- Anticipate and mitigate risk
- Protect and utilize co-op identity

More corporate responsibilities

- Directors must act with honesty and in good faith in what they reasonably believe to be the best interests of the co-operative. ("No-Profit Rule" and "No-Conflict Rule").
- Filing
- Succession planning (Board and senior staff) and recruitment

And more corporate responsibilities

- The AGM
- Legal requirements (read your Rules)
- Notice, agenda, quorum, financial statements, reports, election of new directors
- Education

Operational responsibilities

- Efficient meetings (AGM, Board, operational)
- Communications (from and to members, staff, clients, the community, funders)
- Resources (human, production, management & administrative, financial)

More operational responsibilities

- Access to information (where are the minutes?)
- Policies
- Practices

Rights of Board

- Efficient meetings (agendas, reports well ahead of time; quorum; timely, accurate minutes; speaker list – consensus)
- Clarity of responsibilities (on and off Board)
- Access to information (financial, minutes)
- Confidentiality, compliance, support
- Earn respect

More rights of Board members

- As in your Rules (Bylaws)
- Right to attend, speak, dissent
- Directors and Officers liability insurance
- Right to co-op orientation, board training, training about the enterprise

The Four Legs of Co-op Governance

Honouring / utilizing the co-op
identity

Sustaining the enterprise

Excellence in product / service

Listening to the member-owners



Listening to the member-owners



Listen, think, adapt, ask, seek wisdom, understand the unsaid emotions, find the real issue, “Why is this important now?” Then – only then – offer suggestion.

Have there been gaps in your communication?

Do you invite comment?

Do you practice appreciative enquiry?

Listen for how you can serve them better.

Excellence in product / service



Why will people buy this type of product or service?

Why will they buy from you?

Why will they buy or not buy such a product or service again?

Why will they buy or not buy from you again?

Sustaining the enterprise



When will revenue exceed expenses?

How will you cover any gap between revenue and expenses?

How will you increase revenue?

How can you reduce expenses?

How can you increase efficiency?

Honouring / utilizing the co-op identity



Know, understand and communicate the co-op identity and principles.

Explain your co-op identity on your website and literature.

Co-operate with other co-ops on joint events, joint marketing, purchasing from each other.

Tell the co-op story.

Remember to talk with your members as co-OWNERS.

Succession Planning

Think what skills you will need.

Look for people who might have 1 or 2 of the skills.

Ask them members to identify people who might have those skills.

Always have user-friendly information available about the co-op, maybe some endorsements by past or current directors.

Seek young board members.



Minutes - format

- Consistent format.
- Attempt to circulate for comments, clarification and corrections within 24 hours of the meeting.
- Attempt to circulate the final version (subject to approval at the next meeting) within 48 hours of the meeting.

Minutes - content

- Whether or not legally required, identify movers and seconders of motions. Identify any dissenters by name – often helpful to state the reason if all agree.
- Include progress status on all previous “to do” items.
- Only highly sensitive personnel items should be omitted.
- Identify the “to do” items, individual responsible, due date.
- Never rely on memories!

The small co-op

- Board members are also managers, administrators, producers, marketers, cleaners, secretaries, cooks
- For any task, know who is responsible on the board, know who is doing the work. Be clear about the reporting and decision relationship. Make sure everyone takes both leadership and support roles.



The large co-op

- Strengths: human and financial assets, defined roles
- Weakness: distance from owners, lack of understanding of the work of others

The co-operative non-co-op

- Strengths: hearts in the right place
- Weakness: lack of legal co-op structure and development process, lack of entity-wide understanding of the co-op definition, values and principles and of how to grasp the co-op advantage

Member engagement

- When you have the perfect method, tell me!
- Have a task list, some just a few hours, others longer term.
- Ask people, don't wait for them to volunteer.
- Thank them.
- Give them a volunteer certificate.
- Find a volunteer co-ordinator.
- Ask for people to think about the future, improving operations and co-op orientation.

The unspoken board rules

- Assume everyone loves the co-op and really wants to do a good job
- Try at every meeting to have one discussion about a long-term idea
- All ideas are worth hearing, some may not be feasible at a particular time, some may demonstrate an opportunity for co-op or business education
- Ask board and staff how meetings can be improved
- Every co-op meeting benefits from healthy food



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