

Governance Lessons from Co-op Atlantic

BY DAVE GUTKNECHT

The dream of a united co-operative system spanning the chain from farmers to consumers has come to an end.” The recent closing of Co-op Atlantic operations signaled the end of a major co-op federation of nearly nine decades. Co-op Atlantic has sold its grocery and gasoline business, its fuel business, and its farm supply business to private companies.

A November 2015 document from the Centre for Cooperatives at the University of Saskatchewan analyzes this major story in North American co-op history: *Governance as a Determinant of Success and Failure: What other co-ops can learn from Co-op Atlantic* was written by Brett Fairbairn, Murray Fulton, and Dionne Pohler. The 12-page document is available as a pdf from the Centre for Cooperatives: <http://usaskstudies.coop/documents>.

The next issue of *Cooperative Grocer* will have its own report from the board perspective on the specific factors that contributed to the downfall of Co-op Atlantic, the Maritime Provinces’ federation.

The paper by Fairbairn, Fulton, and Pohler, as its title indicates, focuses on co-op governance as the leading consideration. The authors propose a high bar in evaluating cooperative governance, which they

argue is “in the long term the most important determinant of a co-operative’s success—or failure.” They offer “three basic governance problems that all co-operatives must continually address if they are to be successful in dynamic and changing environments, particularly where there is much uncertainty about the future.”:

- *Managing strategic interdependencies;*
- *Developing the “right” view of the future; and*
- *Establishing and maintaining legitimacy.*

Meeting these problems is especially challenging in

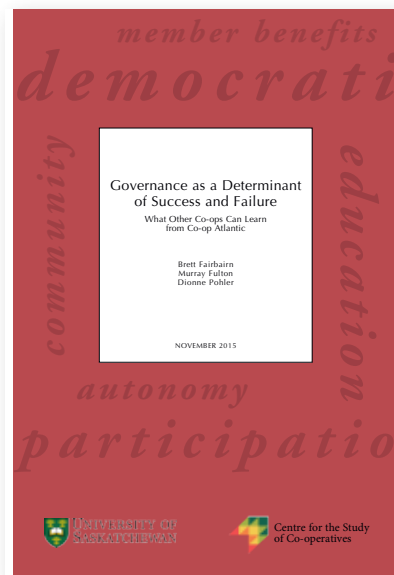
a federation such as Co-op Atlantic, in which the work of the central organization’s staff, managers, and board must be balanced with local retail boards, managers, and staff. The authors’ comments on special challenges of federations give further insights into this complex structure.

Nevertheless, it appears to me that the authors’ focus on governance gives short shrift to the very difficult competitive environment. The operational and management context for Co-op Atlantic is relegated to two paragraphs:

“The competitive environment was undeniably tough. The retail sector is challenging, with narrow margins and large, integrated competitors; in addition, Atlantic Canada confronted a weak regional economy and not only an aging population, but also a declining population in many centres. And the co-ops did not have a foothold in the main, growing market, the dominant regional city of Halifax.

“Changing and ineffective strategies made matters worse...Where plans remain maladapted, inconsistent, or ineffectively implemented over a period of years, this needs to be viewed as a matter of governance.”

Although today’s U.S. food co-ops lost their initial federations and second-level cooperatives years ago, many questions and challenges remain for our local as well as national organizations. The Co-op Atlantic story offers hard lessons for today, and we’ll return to them in our next issue. □



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