



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: Your Board's Culture

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Study Guide

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Board Culture: No Pain, No Gain?

Working on a co-op board brings up a range of feelings. Directors can love the work and thrive on the “messiness” of group decision making. Or they can dislike certain aspects of the process, wanting board meetings that take up only scheduled topics in the time allotted and always end exactly on time. The way board members work together can be joyous for some, agonizing for others.

No matter where you land on this scale, you're not alone in your pain or your joy. A board, by its very nature, is a microcosm of your community and the various interest groups that make up any multi-stakeholder group. With lots of people involved, human dynamics are always at play. Knowing and understanding these dynamics are at the heart of effective board governance.

High-functioning boards are at least willing to look at how individual directors work together and how the board's systems and norms contribute to or detract from improved board performance.

In this edition of the *LEADer*, we look at this issue and ways to address areas that may be causing your board pain and inhibiting its effectiveness. We offer some ideas for enhancing your board's culture. And we provide two tools that can help your board engage in further discussions to examine these issues and identify opportunities for improvement.

As always, we want to hear your stories. What factors made a difference in your board culture? Has your board made a huge change of culture? How? Why? We appreciate the opportunity to learn from one another and look forward to hearing about your cultural competencies.

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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 now 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 an online subscription form 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 fall 2010. That issue will focus on board orientations—who does them, what to cover, and general guidelines.
- For more information about NCGA, the Western Corridor, upcoming western regional board training events, the *LEADer*, or the BEST, contact:

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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.



What Is Board Culture and Why Does It Matter?

by Philip Buri and Martha Whitman

What is board culture? It is simply the way we do things on the board. Think back to the first board meeting you attended. What were the people like? How did they treat each other? How did they make decisions? Was the meeting interesting or did it go on and on and on? Board culture is not what we say about how we work together; it's what actually happens while we work together.

Board culture can be as intangible as it is important. Once you've sat on a board for a few years, you get used to the way things are—the way you've always done them. Often it takes an outsider to point out the defining features of your board culture. This feedback can be good: "You all seem to respect each other and feel safe to disagree." And it can be not so good: "Why do you volunteer for this when it seems so painful?"

Many different strands, ranging from board members' personalities to the ambience of your meeting space, create board culture.

Why is board culture important? Anyone who has served on a dysfunctional board can answer this question. No matter how important the work, a toxic environment makes board service unbearable. Those of us who have served on great boards have seen the real benefits of healthy board culture. The board is effective and remains so.

An effective board does not just appear. It takes care and feeding, and with success, a positive culture emerges. Ignore the nurturing and you risk your board spinning its

wheels, expending a lot of energy with not much to show for the effort. It's one thing, and an important one at that, to have governance processes and procedures in place. But processes and procedures do not guarantee a healthy culture. The people involved create and embody the culture. You create a healthy board culture through appropriate behavior. A healthy board culture rests on trust and respect.

If you find yourself looking forward to monthly meetings, people come prepared, they enjoy one another's company, and all understand the role



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What Is Board Culture and Why Does It Matter?

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of governance, you've got a board with a healthy culture. The board experience will be engaging and even fun, setting a positive tone that carries through the whole organization. That healthy board culture allows the board to focus on its often-neglected responsibility to dream, imagine, and vision.

But if conversations drag, explode, or abort; if differing opinions are met with sarcasm; if the board turnover rate is high, then the board is doing its work in a less than ideal cultural environment. If individual behavior is problematic, the remedy generally requires one-on-one conversations between the president and the person who isn't grasping the norms of teamwork. Sometimes people only need help in becoming aware of the impact of their behavior and are willing to

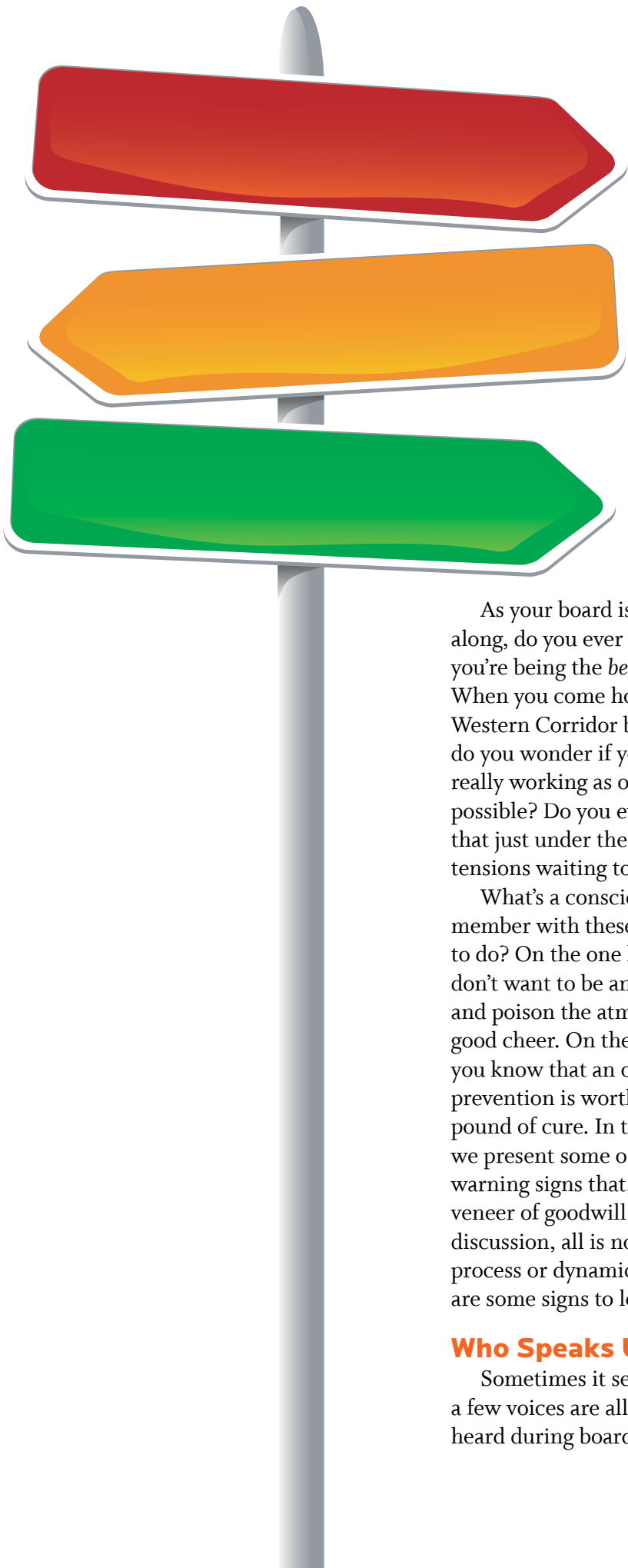
discipline themselves. They do want the best for the group. Other times it takes an outside facilitator to ensure that everyone is heard and all are treated well. But there will also be times when someone can't curb disruptive behavior and will need to leave the board.

Identifying unhealthy group culture can get tricky when a board has unknowingly succumbed to group think. There is real danger to any organization when a board member doesn't feel safe to disagree or challenge a false consensus, or when the board avoids frank questions and rigorous debate. Signs of group think include deferring decisions frequently or making them too quickly with little discussion. Generally, group think operates subtly, even subconsciously, creating an "us" and "them" mentality. Under this influence, individuals don't voice their conflicting points of view or ask for relevant information that might contradict the majority opinion.

While the board president has primary responsibility to ensure the board discusses a matter

thoroughly before deciding, all board members are responsible for speaking up. If a board member takes the lead to name an uncomfortable issue, other board members should recognize the value of seeing all sides of a decision. Issues will have to be aired, discussed, and solved. You know you have arrived as a board when members are comfortable enough to admit their lack of understanding or concerns about issues. Designating members to be the devil's advocate on a given topic is an effective way to jump-start a culture where critical and open discussion can flourish.

Deep in our genes is an instinct to cooperate. We are social animals who thrive on acting together and celebrating the results of our collective work. The term *board culture* captures a subset of this activity—the way board members work together to govern co-ops. Healthy board culture is something you can see and feel. It is that satisfied feeling after a board meeting that together we made a decision that no one of us could have reached alone.



Three Signs of an Effective Board Culture

by Marcia Shaw

As your board is percolating along, do you ever wonder if you're being the *best* you can be? When you come home from a Western Corridor board training, do you wonder if your board is really working as optimally as possible? Do you ever worry that just under the surface are tensions waiting to explode?

What's a conscientious board member with these worries to do? On the one hand, you don't want to be an alarmist and poison the atmosphere of good cheer. On the other hand, you know that an ounce of prevention is worth a proverbial pound of cure. In this article we present some of the early warning signs that, despite a veneer of goodwill and good discussion, all is not well at the process or dynamic level. Here are some signs to look for.

Who Speaks Up?

Sometimes it seems that a few voices are all that are heard during board meetings.

If decisions seem to be made before they come up at the meeting, that's a cause for concern. Most boards have some talkative members and others who are quieter, but everyone's voice should get respect. There's a difference between having credibility on a subject and dominating the conversation so that dissenting views don't get a hearing. It's probably appropriate that a board member with experience or knowledge on a specific topic gets a respectful listen—but so should the novice. Ask follow-up questions to draw the tentative speaker out. Or follow up during a break; let minority voices know that you appreciated their comments, even if you didn't vote with them.

The board member who speaks well or is funny and articulate is enjoyable to listen to, but the shy director's ideas may be just as good. It's

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Three Signs of an Effective Board Culture

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especially tempting for the board chair or executive committee to move decisions along. However, be sure to pay attention to the fine line between preparing for the discussion and presenting a (mostly) forgone conclusion. Be particularly concerned if dissenting voices are hushed or hurried. You may agree with the decision, but you can always ask for the opposing view to be summarized or articulated more fully. A deep breath and a pause can go a long way toward better decisions and having dissenting voices feel more heard. You can always ask if anyone has a “different perspective.” That’s not quite as challenging as asking for disagreement.

We Need to Decide Now!

Inadequate information or the rush to “buy today” is another signal that the board isn’t fully functioning as the organizational monitor that it needs to be. Although some business decisions always come up on short notice, the wise GM

will anticipate them as often as possible. For example, the board might have to make a quick decision on real estate. If the board has done its homework, it will already have the information it needs to make the decision. It will know the needs of the co-op’s long-range plan and have thought about the financial impacts of the decision.

Sometimes the information you need to understand is complex and will take some study. Make sure you get an outside opinion if you think another perspective is needed. That may take time, but cooperative decision making does require more than average deliberation, as board members will have differing levels of risk tolerance and comfort with complex data analysis.

A Level Playing Field

Lastly, be careful that the rules are the same for everyone on the board. Just as your GM is required by law to treat employees with the same general guidelines, the rules of process and behavior should be the same for all board members. If you or another board member make a mistake, acknowledge it as quickly and as thoughtfully as

possible. Then say what you can or will do to make amends—or ask if you truly don’t know. Boards don’t expect perfection, but they do expect everyone to strive toward compliance. And remember that the *intent* to do the right thing goes only so far. If the intentions behind your behavior were good, you may also need to acknowledge that the outcome wasn’t what you expected. You can help others acknowledge when things have gone awry by assuming the best but raising the issue just the same.

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We’ve presented ways to think about board culture, but your board is bound to be different from those we’ve described—because all boards are different and generalizations never work perfectly for individual situations. The list of resources included in this issue (page 9) will help you look more deeply at the dynamics of your board. If the list seems daunting, consider dividing it and having each board member report on one item. Or a board member interested in reading them all could make a distilled list of lessons applicable to your board situation.



Board Effectiveness Support Team

Bringing New Directors “on Board”

“We recently had a contentious issue at our co-op. Two new directors were elected on the platform of vocal opposition to the current board’s position on this issue. How do we deal with these new directors?”

How a board handles director transitions, and deals with controversy, reflects a lot on its culture and norms. Without getting into the specifics of your particular issue, we’ll try to provide some guidelines and thoughts grounded in a productive and effective board culture.

When new individuals are elected to the board, change is inevitably in the air. For those situations, one of the best things a board can do is to establish its own culture of accountability—a willingness to be up front, transparent, and accountable for its actions, decisions, and policies. A board that’s willing to be accountable will want to make sure that new directors (and all members) are given a complete explanation about the decisions made, as well as the process used in making

those decisions. This work will probably involve spending some extra time bringing new directors up to speed on what the board has considered in making its decisions.

While we want all individual directors to be accountable for their roles on the board, the board ultimately needs to take responsibility for board actions as a whole. Only the full board can make decisions, so accountability should clearly be carried by the whole board. For new directors, this means learning to talk in terms of “we” and supporting decisions that the group makes, regardless of one’s individual views. For the whole board, it’s a matter of ongoing training and rededication to this fundamental principle of board governance. This is not something that comes easily or naturally to any

of us, so we need systems and ways to reinforce this idea and our commitment to our roles as part of a group.

Another element of your board’s culture that will influence how you deal with these kinds of situations is openness to and tolerance for new, challenging, even discordant viewpoints. How much time and energy is your board willing to spend discussing these views? How willing is the board to reconsider its decisions (where feasible) or to at least consider a process that will allow opposition views to be expressed? Remember that the new directors were elected by your co-op’s members, and it’s in everyone’s best interest if you can develop a good working relationship with them.

Even if you anticipate difficulty, working with these new directors as if you expect the best possible results will serve you well. Whether it’s their intent to introduce a new direction or to overturn a recent board decision, they should have the opportunity to do that, as long as they work within the board’s existing processes and can gain enough support from other directors. The old adage is true: You can’t please everybody. But if you focus on your group process and everyone agrees to follow the board’s process, you can make things fair.

When you have new directors coming onto the board, you need to help them

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Board Effectiveness Support Team

Bringing New Directors “on Board”

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up the learning curve and help them contribute constructively. We will be looking at board orientations in our next issue. But for now, we want to

highlight the need to identify your co-op’s norms and expectations for behavior—the elements of your board’s culture. Pay attention to them. It’s not always easy for groups to identify their culture and norms. If you can, get help in defining what it is that your board does that you value in this area. Think about this in advance, so when new board members are elected, you’ll be more successful in bringing them into the board’s culture. And remember that new people will change the board’s culture; be

prepared to try new things and be influenced while staying true to the items that reflect your co-op’s core values.

Bringing on new directors, especially those who come in with the intent of opposing the board, is never easy. However, with attention to the process and culture that your board has developed, the new ideas and energy can help strengthen your co-op. It will take all directors, new and continuing, collaborating to make this change a positive one for your co-op. Good luck!

Learning, Sharing, and Fun!

A total of 82 co-op directors and managers met in Portland in late March for a great day of learning and sharing ideas. The one-day regional board development training consisted of two concurrent workshops: “Co-op Board Leadership 101,” provided by the CDS Consulting Co-ops team (Mark Goehring, Todd Wallace, and Art Sherwood), and “Taking Charge of Your Board Culture,” led by Holly O’Neil, Martha Whitman, and Phil Buri.

We met in the Buchan Building at the Eliot Center of the First Unitarian Church of Portland—a LEED gold-certified building. Thanks to Martha Whitman for the following photos from the day.



The inner courtyard at the Buchan Building was a welcoming and popular place for fresh air and great conversations during breaks.

Phil Buri, Karen Zimbelman, and Holly O’Neil (left to right)



Participants were challenged to build the tallest tower with the materials supplied—an activity that proved to be fun, as well as a great exercise in group creativity.

Check It Out!

For More Information

compiled by Paige Lettington

Board Health, Board Culture (National Association of Independent Schools) <http://www.nais.org/about/article.cfm?ItemNumber=145178>

Boardroom Briefing: Enron's Real Lesson—Strengthen Board Culture (*Great Boards Newsletter*). Geared toward a hospital board.
<http://www.greatboards.org/newsletter/reprints/Boardculture.PDF>

Why Board Culture Matters (*American School Board Journal*). Geared toward a school board.
http://www.aspengroup.org/upl/aspden/why_board_culture_matters.pdf

The Board You Want (Non-profit Hearts). Geared toward nonprofits.
<http://www.nonprofithearts.net/rich/boards.html>

Board Relationships (Colorado Department of Education)
<http://www.cde.state.co.us/cdechart/guidebook/gov/ppt/BoardRelationships.ppt>

Managing Board Relationships (Non-profit Coordinating Committee of New York)
<http://www.npccny.org/info/goi53.htm>

A Lesson in Successful Board Relationships (Association Times: A Web Resource for Community Associations) <http://www.associationtimes.com/articles2006/lessonboard0106.htm>

Perspectives on the Roles and Responsibilities of the Board of Directors for Corporate Culture, Mark Kula (Center for Applied Ethics, Santa Clara University)
<http://www.scu.edu/ethics/practicing/focusareas/business/best-board-practices.html>

Groups that Work, Gerard M. Blair (University of Edinburgh)
<http://www.see.ed.ac.uk/~gerard/Management/arto.html>



Next Issue:

Focus on Board Orientation

Our next issue, which comes out in the fall, will look at how to get new directors up to speed. What kind of orientation do you provide? Who does it? What tools best help new directors? As always, send your thoughts, experiences, ideas, and tips on this topic to askthebest@ncga.coop or contact Karen Zimbelman (kz@ncga.coop).

ASSESS AND IMPROVE YOUR BOARD CULTURE

A LEADER STUDY GUIDE

prepared by Cindy Owings

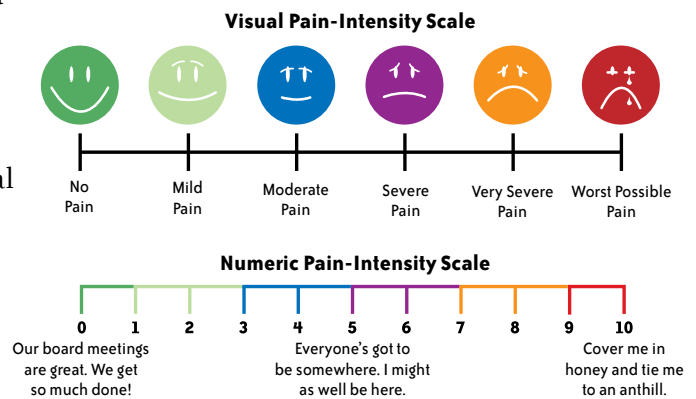
Here we offer two tools to help you assess your board's culture and consider areas and ideas for improvement.

BOARD CULTURE ASSESSMENT

How seriously painful is your board culture? Here's a short exercise to help your board identify what works and what might not work as well, both for individuals and the board as a whole.

Use a simple pain assessment scale (see below) to help pinpoint individual directors' pain levels with the board. With the assistance of a facilitator, ask each director to answer the following questions. Use the answers to guide your board in a facilitated discussion to explore solutions.

- What's your pain level when you walk into a board meeting?
- Working effectively as a group falls into what level of pain?
- Where does your board's internal communication fall on the pain scale?
- How would you rate your board's decision-making processes?
- What's your board's level of functionality?



As you discuss your reactions and answers to the questions, be prepared for differences of opinion. That's to be expected. One person's pleasure might be another's least favorite activity. And people have notoriously different tolerances for conflict or perception of conflict. Few people like conflict, but reasonable people can disagree about important things; it's important not to be paralyzed by a genuine difference of opinion. Some pain may go with the territory of being an effective board. Personal growth goes along with a rich board experience.

Assess and Improve YOUR BOARD CULTURE

A LEADER STUDY GUIDE



EARLY WARNING SIGNS OF BREAKDOWN IN BOARD EFFECTIVENESS

Sometimes it's not easy to recognize social interaction dynamics that are hindering the effectiveness of your board. Like the proverbial tree in the forest, when you're in the middle of it, you don't necessarily see it.

Recognizing early warning signs of breakdown and investigating those signs lead to greater understanding of board dynamics. Often, these signs are dismissed as trivial. However, small things can signal larger systemic problems. The message to take home: Understanding and recognizing the dynamics of human social relationships is the key to effective governance within your co-op board.

Use the rating exercise on the following pages to see if you have a dynamic lurking in the background, getting in the way of your board's optimal performance. Get all directors to rate the board on each sign, then discuss your similar and different ratings. A potential solution is suggested for problems in each sign area; you are also likely to have other ideas for solutions.

The following assessment was adapted from *Boardrooms That Work* by Margot Cairnes. See: http://www.group100.com.au/publications/g100_boardrooms-that-work2003.pdf

RATING SCALE

1 = ineffective **2** = barely functional **3** = somewhat functional **4** = fully functional

SIGN 1: BOARD INFLUENCERS

As our board discusses proposals and agenda items:

1	One person dominates discussions; others are intimidated and afraid to speak up.
2	A couple of individuals dominate.
3	Most directors speak up at some point in a discussion.
4	All directors feel free to contribute as they wish, and the group benefits from and welcomes all directors' varied perspectives.

If this is a problem area for your board, one possible solution is to hire a facilitator to ensure that all directors are recognized equally and are given ample opportunity to speak and share their ideas. A good group-process person should also have some tips about how you can monitor and control the flow of interaction.

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Y O U R B O A R D C U L T U R E

A L E A D E R S T U D Y G U I D E

SIGN 2: QUALITY OF DATA PRESENTED TO THE BOARD

The data and information available to directors in making a decision is:

1	No data is presented; the board makes decisions drawing from individual personal experience.
2	The board makes decisions using no comparative data; information is limited and shallow.
3	Directors collect just enough data to be able to make inquiries and have a discussion.
4	The board has a full discussion and makes carefully considered decisions based on relative, comparative, timely, and appropriate informational data.

If this is a problem area for your board, consider asking a board process committee to clarify the process for presenting proposals and to ensure that all directors get what they need to consider proposals in a timely fashion.

SIGN 3: DECISION-MAKING CONTEXT

What guides your board in making decisions?

1	Talk is cheap; the board likes to hear itself talk, with no follow-through action to back up what it claims.
2	Decision making is based on opinions of individual board members, with little consideration of organizational values.
3	Directors adhere to organizational values and attempt to communicate openly within the board and with members.
4	Directors have a clear understanding of the organization's mission, principles, and values and use these compass points as a rudder to guide decision making and open communication with co-op members, staff, and management.

If this is a problem area for your board, think about how you can keep the co-op's mission in the forefront of your discussions as you make decisions. Make a conscious effort to review all decisions for compatibility with your mission and purpose.

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Y O U R B O A R D C U L T U R E

A L E A D E R S T U D Y G U I D E

SIGN 4: TRANSPARENCY AND DIVERSIONS

When making tough or potentially unpopular decisions, to what extent do the following occur on your board?

1	Diversion tactics occur regularly.
2	Stalling and diversion tactics occur sometimes.
3	Such tactics rarely occur. When they do, our board members recognize it and call for discussion.
4	Diversion tactics do not occur because our board has a clear process that defines the flow of information, with oversight from a process committee.

If this is a problem area for your board, one possible solution is to make sure that all board meetings have a clear and concise agenda, with designated times for each topic.

SIGN 5: QUALITY OF FINANCIAL REPORTS

How sure are you that accounting information is true and accurate?

1	Accounting rules are manipulated to suit situations.
2	Accounting rules are adhered to, but the board allows for some interpretation.
3	Accounting rules are adhered to, with some judgment applied to present a positive image.
4	Accounting rules are followed, examined for deviation, and deemed balanced only when the entire board examines and agrees on the information presented.

If this is a problem area for your board, consider engaging a reputable accounting firm to conduct an outside audit of your co-op's financial systems. This audit will result in a report to the board, indicating the soundness of the co-op's financial statements, as well as recommended changes to ensure compliance with generally accepted accounting practices.

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Assess and Improve YOUR BOARD CULTURE

A LEADER STUDY GUIDE

SIGN 6: ON THE DEFENSIVE

How does your board handle defensive communication?

1	Our board has no awareness of how to communicate with the public in an uncomfortable situation.
2	Public communication is handled by our Marketing Department; the board discusses only general issues.
3	The general manager tells directors about the need to communicate about a situation with the staff and public.
4	Directors partner with the general manager in crafting an effective communication plan to best explain and present the facts.

If this is a problem area for your board, consider offering some training to the board and/or do a role play with directors about communications after a negative public relations incident.

SIGN 7: WHO'S RESPONSIBLE?

When things don't go well, does your board accept responsibility?

1	Board responsibilities are not clearly defined.
2	Our board culture does not accept differing voices, mistakes, or errors of judgment.
3	Directors have some amount of confidence and understanding to be able to take responsibility for decisions.
4	Directors show leadership in acceptance of the responsibility to gather accurate information, develop plans, and make decisions with ownership of the outcome.

If this is a problem area for your board, spend some time working to carefully define the board's decision-making process, roles, and responsibilities to build agreement and common understanding.