

Be the Best You Can Be—Quicker

Director orientation, development improve board effectiveness

BY NINA JOHNSON

You know the feeling: you walk into your first meeting, you don't know anyone, you're not sure what to say or do, and everyone but you seems to know what's going on. That's how it can feel for a newly elected board director who has had no orientation, and this feeling can last for months.

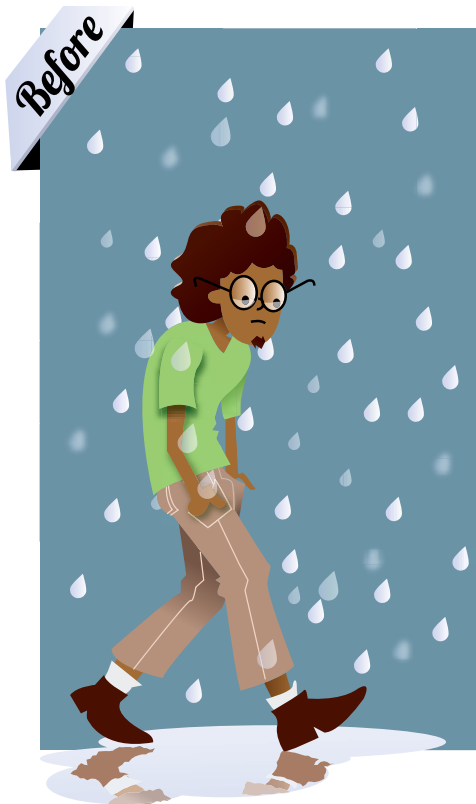
Many directors describe a typical three-year term this way: “The first year is for observing and learning, the second year you are up to speed, and by the third year you are a veteran and ready for leadership.” This model does a disservice to our boards and the owners they represent. It does not need to take a year or more to be ready for leadership.

Orientation is an important tool for preparing directors for board service. An orientation may consist of a session or two in the early weeks of a new director's term in which the new director meets with a veteran board member or two and maybe the general manager. They may talk about what to expect from board service, details about co-op financials and operations, and information about the food industry. Orientation will vary from co-op to co-op, but every co-op needs it. This article will offer some specific ways to orient your newest directors so they can understand their roles and the organization they will be serving.

Orienteing new directors is only part of the story, however. The goal of orientation is to have directors who are ready to serve, so we can assume that it is desirable that the rest of the board be able to perform at its best also. Your board and your co-op will benefit from a broader understanding of director education, one in which “orientation” is one facet of a wide-ranging and year-round board development plan. Implementing such a plan will better ensure that the entire board is at its best and ready to govern effectively at all times.

Are you inexperienced?

Many co-ops elect three new directors annually, and often at least one-third of the board is new to the job every year. Some co-ops have experienced even greater turnover than that, bringing on more than half of their number in a single year. This high level of inexperience is often compounded by the fact that some boards make



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only a half-hearted attempt to help their newest directors get up to speed—and some have no process at all.

Directors who are not given advance training may not know what's expected of them, may be reluctant to speak, and will likely be unable to contribute effectively for quite a while—they may even lose interest in serving at all. The board as a whole may therefore be unprepared to make the wise decisions that are necessary to ensure the health of the organization. This is a failure of the board's fiduciary duty and could put the co-op's very existence at risk.

On the other hand, a board that has an effective orientation program will have directors who know what is expected of them, understand the role and responsibilities of the board, and have learned about their co-op and its industry. They are ready to actively participate and contribute to the work of the board from day one. A co-op that is governed by such a

board is much more likely to be successful and achieve all that it sets out to do.

Co-ops all over the world are rooted in the Statement of Cooperative Values and Principles. The fifth principle, “Education, Training and Information,” states in part that “cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives.” In order for a co-op's board to be most valuable to its co-op, it needs to invest in its own growth and development.

In addition to orienting new directors and building the wisdom of the board as a whole, the board has a responsibility to educate the community of owners as well. A board that takes the time to educate the owners about the co-op's democratic process and board service will, in effect, be cultivating and educating the people who are your prospective candidates.

Members will be better informed about their organization, more attuned to the election process, more likely to vote, and more inspired to step up to serve on the board.

In thinking about orientation and board development, it helps to divide the year into four stages: pre-election, election, post-election, and ongoing. Within each phase of the year, there are different ways that board development can be implemented.

Pre-election

Developing a well-educated and effective board will be much easier if you educate the people who will become your applicants and future directors. Here are some things you can do to prepare members to be good candidates and directors:

Develop a pool of potential candidates. This is one part of the pre-election phase that you can begin at any time, and the sooner the better.

Ask board members and staff to always be on the lookout for talented and engaged owners with leadership potential. Generate a list of people who might, at some time in the next five years, be interested in getting involved in the co-op at a deeper level. Make this list as long as you can. Keep adding to this list, and sustain contact with these people by inviting them to events and meeting them face to face.

Determine the director qualities you are looking for. When developing your candidate pool and recruiting applicants, you will need to know what it means to be an effective director. Take some time as a board to discuss the desired qualities, experiences, or skills you would like to see on your board. This may require that you assess the current board's strengths and weaknesses to determine what skills you might look for in applicants. This not only helps to determine who might be good candidates, it also helps the board to better understand itself and its capacity for improvement.

Actively recruit. Begin more actively and visibly recruiting candidates about four months in advance of the election. Signs in the store, articles and announcements in the newsletter, and information tables are all useful ways to connect with the owners. However, the most effective method of recruiting is to approach people directly; most people who have run for boards did so because someone personally asked them to apply.

Prepare a packet. The board of The Merc, a co-op in Lawrence, Kan., developed a candidate packet that includes, among other things, an explanation of the duties of directors, what to expect from board service, and the time commitment required. The board wants to make clear exactly what its role is, so that applicants will be people who understand the level of governance they'll be involved in. According to Board President Eileen Horn, "Members don't always realize how much time board service takes; they aren't prepared for the commitment required."

The Merc's board had earlier recognized that it needed to think about recruitment differently and overhaul its process. "If you only think of orientation after election, then it's almost too late! You have to get people educated so they don't realize later that the board doesn't decide about the plastic grass in the sushi package, or that two meetings a month is too much for them," Eileen said.

Provide an informational packet to each applicant that includes a description of your board's structure and responsibilities, an explanation of the individual director's duties, and the desired qualities of board members. Applicants should become familiar with your board by reviewing board policies, attending a board meeting, and discussing expectations with a current director. Some boards even require that each applicant complete these tasks before they are eligible to have their name put on the ballot.

The packet should also include a brief questionnaire that will help the board get a sense of who the applicant is. These questions will vary ►

Director Orientation Curriculum and Materials Checklist

Co-op history, principles and values

- Cooperative movement
- History of your co-op

Cooperative governance

Organizational documents

- Bylaws
- Articles of Incorporation

Governance structure / Policy Governance overview

- Policy register
- Vision/mission/values/Ends Statements
- Board and general manager job descriptions

This board

Who's who on the board

- Board contact list (GM, board administrator, facilitator)
- Buddy/mentor

Expectations of directors—roles, responsibilities, and ethics

- Board members and officers' job descriptions
- Code of conduct agreement
- Conflict of interest disclosure form

Board culture and meeting structure

- Board calendar, including conferences, trainings, owner meetings, and other co-op events
- Recent agendas and minutes
- Decision-making method
- Committees—charters, duties
- Sample monitoring report, monitoring report decision tree
- Wiki/electronic communication

Current board issues

- Board goals for the year

This co-op/this business

Who's who on the staff

- Organizational chart

Membership/ownership system

- Membership data
- Stock and patronage dividends

Key relationships and industry trends

- Organic/natural foods industry
- Other co-ops
- Cooperative community/trade associations
- Commonly used acronyms

Current operational issues

- Operational goals for the year
- Multiyear strategic/business plans
- Recent annual report
- Store tour

Financials

- Basic financial literacy
- Key financial data
- Recent monitoring reports
- Recent budget and audit or review

◀ from co-op to co-op, but I suggest you devise questions that will illuminate the candidates' commitment to the cooperative, their perspectives on issues or events relevant to the co-op, and their desire and capacity to serve the co-op community. Candidates' responses to these questions can be provided to the owners as a way to help voters make informed choices.

Take time each year to review the candidate packet, orientation curriculum, and board manual, and update or revise them if necessary.

Election

The election process itself is an opportunity to educate your member-owners about their roles and the board's role in democratic member control (which exemplifies the second cooperative principle). Publish and post the candidate profiles and/or answers to the essay questions found in the application materials. You may also choose to provide your voters a more in-depth packet of information, similar to the candidate packet. By providing this information, you are helping to educate the members and to inspire them to become more involved.

Post-election orientation

Before they implemented their new orientation program, The Merc's new directors mostly learned as they went. "If people weren't immediately engaged, they were more likely to get overwhelmed (by other personal things or by board work), which made it easier for them to step away, be less engaged, or resign," said Eileen Horn.

Similarly, the board of the St. Peter Food Co-op in St. Peter, Minn., implemented a new orientation program last year after years of an inconsistent and informal method of welcoming new directors. "It was confusing," said Joe Strong, board president. "When I was first elected, I felt unprepared for several months!" Strong knew that it was time to make a change when, a couple of years later, he noticed that two newly elected directors were feeling as lost as he had felt. When he became board president, and the board was faced with seating five new directors, he immediately began to write a curriculum and implement a more structured orientation program.

It is best to plan your orientation sessions as soon as possible following the election, and before the directors' first official board meeting. The St Peter Co-op followed this advice last year and found it quite helpful. They had their election in September, and the new directors were invited to attend the annual meeting in late October. During the six weeks between the annual meeting and the new directors' first "on-board" meeting, they held two training sessions.

Strong was pleasantly surprised by the experience: "The orientation sessions went much longer than we had planned. There were good conversations and lots of questions. It was like a round-table. The new directors were really engaged!" he said.

Because the training sessions are likely to bring up additional questions from participants, Strong suggests that boards allow for some time before their first official board meeting to address any new directors' questions. It can also be beneficial to assign a buddy or mentor to each new director so that, as they proceed into board service, they have someone available to answer the questions that will inevitably arise.

Orientation curriculum can be divided into four basic parts:

- Cooperative history, principles, and values
- Cooperative governance
- The board
- This co-op/this business

Attending to all four parts is important, but how this is done will vary from co-op to co-op and year to year. You can use the accompanying Orientation Curriculum and Materials Checklist to plan your trainings (see previous page).

Ongoing development

Board development isn't something that you can do once and check off your list. To establish effective board development, your board will have to plan for it. Create and implement an effective orientation program and cultivate a culture of ongoing education for the whole board.

Effective board development can be carried out in a variety of ways, and these are different for different times of the year. Include board development in each stage when mapping out an annual work plan.

Assess your board's educational and composition needs, and work to meet those needs. Learn which topics and trends are especially pressing and relevant to the owners and the co-op. Decide which you will tackle first, and make time in your board calendar and on your monthly agendas to study these issues. Seek out opportunities for board education, such as national and regional conferences, trainings, speakers, and opportunities for connection to other cooperative sectors. Invest time and money in the pursuit of wisdom and inspiration.

As members of a cooperative, we place a high value on the education of our whole community, including directors, members, and staff. An educated co-op community yields willing and well-informed candidates. Knowledgeable

candidates become valued and valuable directors. Competent directors make for a wiser, more visionary board. This leadership, in turn, ensures a vibrant and forward-looking cooperative enterprise, which creates more value for the community of owners. The benefits of ongoing education are deep and far-reaching.

No director should be unprepared for the first (or any) board meeting. No board should tolerate a third or more of its number sitting back and observing for a year while the fiduciary oversight and future direction of the cooperative enterprise are in its hands. Your board can build education and excellence into each phase of its year: assessing the board's desired qualities, developing a candidate pool and actively recruiting from it, conducting a vital election, and orienting new directors. By following a comprehensive, year-round board development plan, each director, and the board as a whole, will be ready and able at all times to provide first-rate cooperative leadership. ■

Acknowledgements: *Many thanks to Eileen Horn of The Merc, Joe Strong of St. Peter Co-op, and my colleagues at CDS Consulting Co-op for sharing their experiences.*

Suggested readings and other resources

"Creating Effective Boards Through an Effective Orientation Process," by Michael Healy, published in *Cooperative Business Journal*, Aug./Sept. 2004

For the following resources from CDS Consulting Co-op, find links at www.cdsconsulting.coop:

- "Perpetuating a Strong Board," an online recorded workshop from CBLD (Co-op Board Leadership Development)
- CBLD's Co-op Board Leadership 101 and Leadership Training
- Strategic Co-op Seminars
- *LEADer*, Issue 9, Fall 2010
www.cgin.coop/leader/index

Other resources

Your co-op's website, *Cooperative Grocer*, CBLD Library, CGIN website and listserv, Policy Governance® books and periodicals

Co-op Board Leadership Program, including CBL101 and Leadership Training

CCMA conference, Strategic Co-op Seminars, other regional conferences