



Reinventing Our Cooperative Democracy: A conversation

BY ART SHERWOOD AND TODD WALLACE

In 2013, the International Cooperative Alliance, in its “Blueprint for a Cooperative Decade,” identified the elevating of *participation* as a key component of its 2020 Vision for more and stronger cooperatives. The “Blueprint” states that, “Democratic member participation is the best-known feature of the co-operative way of doing business and a major part of what characterizes a co-operative in contrast to investor-owned businesses.”

Building on this potentially powerful notion, my colleague Art Sherwood (along with Keith Taylor), while at the Vincent and Elinor Ostrom Workshop on Political Theory and Policy Analysis, published a 2014 research paper on the unique expectations of co-op boards and the challenges that come along with a democratic enterprise. (Sherwood, A. and Taylor, K. (2014) “Unique Expectations of Cooperative Boards: Taking on the challenges of the democratic enterprise,” *Journal of Cooperative Management*, Vol. 7, (1).)

I recently had a chance to sit down with Art and reflect on some of the key questions that came up for me in connection with reinventing and reinvigorating our understanding of cooperative democracy. Below, Art’s comments

follow my (bold type) questions.

Why do you think the question of how to do democracy well is important to answer right now? Why is this the question of the moment?

My sense is that we are at a crossroads regarding how we approach economic enterprise. Conventional approaches to business and how we solve our social challenges are being called into question in ways we have not seen for 50 years. Assumptions that “someone” will take care of things are no longer valid in peoples’ minds, as government, business, and even traditional not-for-profits too often fall short.

If others aren’t going to do it for you, what does that leave? Do it for yourself. But most of the challenges we are talking about are bigger than someone can do alone, so that means we need to cooperate. The alternative path is through democratically controlled enterprises, or cooperatives. But with that choice comes the responsibility of actually knowing how to do democracy well. And so, yes, I do think it is the question of the moment because, in my mind, the democracy component is the key thing that is different from the other three organizational approaches I mentioned. Unfortunately, the

examples of democracy from non-cooperative sources are pretty miserable.

You say that democratic behaviors are the key differentiator for co-ops, going so far as to say they are a competitive advantage—why are they a competitive advantage, as opposed to a weakness?

Great question! Because choosing the democratic approach can lead either way. Do it well, and it can be a significant differentiator in both the lives of the people involved and in the commercial marketplace. Do democracy poorly, however, and it can be a disaster that erodes trust, makes the people involved even more disillusioned, and competes poorly in the marketplace. This is another reason to do it well. Yet, while cooperators know they “own” democracy, this does not equal having skills—you are not born knowing how to do democracy, nor do you get the magic sauce just because you formed or became an owner of a cooperative. If you don’t invest in practicing, promoting, perpetuating, and protecting it, your democracy will not live up to its potential.

So, back to: why a competitive advantage? Democracy is fundamentally a social system that

Choose your future leaders



is complex relative to many others. If done well, it can be one wherein people are able to meaningfully participate in the process of reflection and change in the organization. As a result, the organization becomes saturated with the values of the owners, and the choices and actions of the organization, through its designated decision makers, reflect this. This is a rare and valued thing for an organization, and as a result many people will choose it in a crowded marketplace.

This is competitive advantage...why people will drive across town, take money out of their pockets, and trade it for goods and services you provide. Or they will choose to work for you over other, better-paying jobs or tell their friends and family to do the same. It takes time, it is challenging and very socially complex...but if done well, it is very difficult to imitate. And if it can't be imitated, it can be sustained. Thus, [this creates a] sustainable competitive advantage.

So this is a both a challenge and an opportunity. You also say that member-owners participating in the process is key. I often hear from a board or a general manager who state that, routinely, member turnout in elections is low, and member forums and meetings are sparsely attended. What would you say to that board or GM?

I would invite them to think about what defines a healthy democracy from a different angle. I have yet to meet a cooperator who is fully satisfied with any of those indicators you mentioned. The new angle focuses on democracy as opportunities for meaningful participation and the loop closing by the co-op member in taking advantage of those opportunities. We've identified four key opportunities for meaningful

participation—own, use, serve, and belong. There are opportunities to participate as an owner of the co-op, as someone who uses the co-op to meet their needs for products and services, as a place to provide service, and as a place where a person can belong to a group of fellow

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humans.

Thinking about it this way allows us now to identify all sorts of opportunities for meaningful participation that can be created by owners, boards, management, and staff. And each can have measures of participation and how that participation actually influences the organization. This is the member voice being heard in many different forms. But, of course, it is not enough to just provide the opportunities... members need to know how to see them and take advantage of them and somehow know that it matters.

In your paper, you identify various democratic "vulnerabilities": owners being "played," a tyranny

of the majority or the minority, and democratic despotism. Which of these are most relevant for our food co-op sector today?

A quick note first is that the root of these vulnerabilities were identified by the U.S. founders and later articulated by Vincent Ostrom, who had a big impact on my thinking. Thus, the interesting-sounding names like "tyranny" and "despotism." But these vulnerabilities are real.

I see two challenges to authentic and healthy democracy in our food cooperatives. The first is the so-called tyranny of the minority. This is where one small group is able to derail the democratic process, using an issue and guilt-trips as leverage. First, the group has an issue—pick what you want from the many associated with food or how humans interact with one another, let's say selling bananas—and they are loud about how the co-op must change according to their standards NOW! Then, when the elected or appointed leaders and staff say that there are diverse thoughts and many people who show signs of opposition because organic fair trade bananas are a best seller and support a healthy and fair supply chain, the noise is ratcheted up, and accusations of not listening or caring are leveled. And, because it is an issue the elected and appointed people empathize with, and it is difficult to deal with people who are mad and attacking you, and the co-op leaders want to be seen as people who listen and care, they may decide to dump the democratic process and let the few voices rule the many.

The second is democratic despotism—also sounds very ominous! This is when things have been going well, and the members and others involved are content. The need to practice democracy seems less pressing than other day-to-day matters, and, besides, the management ▶

◀ is doing a great job. And in this contentment, the democratic muscle atrophies, and people forget how to do it like they did back in the good old days when the co-op was founded. I think this is where we are with many of our cooperatives today. We have been very good about good management. We have been very good about running better businesses. But we have not been great at meeting the potential of our democracies, since we have mostly been competing based upon organic and local as differentiators. But now those have been imitated, and the competition is heating up like never before—which calls for strengthened democracy.

But I want to make clear that I am NOT calling for a return to the good old days... it is not the same to have a democracy of 25 members and a democracy of 12,000. Instead, I am calling for all key co-op stakeholders—members, boards, management, and staff—to reexamine how meaningful opportunities for participation

may be created and utilized for the benefit of all. Basically a call to get back in democratic shape, but knowing the landscape has changed, so being in “shape” will look different than in the past.

PRACTICING, PROMOTING, PERPETUATING, AND PROTECTING DEMOCRACY

I like the idea that Brett Fairbairn and others have mentioned of thinking innovatively of 21st century ideas of democracy instead of relying solely on older forms. In order to strengthen our practice of democracy and avoid the vulnerabilities you listed, you recommend the following expectations of co-op boards: practicing, promoting, perpetuating, and protecting democracy. Could you briefly give an example of each

behavior? Also, could you describe one or two co-ops that, in your opinion, have proactively taken on this work, and what you like about their approach?

Practicing is when people learn a new skill with democracy and then try it out with the intention of learning and improving. It might be using an Open Book line that measures participation rates and practicing improvement, or a board trying out a new approach in their annual meeting that allows for member input and then reflecting on how it went in order to improve for next time. But it also is about helping members practice taking advantage of these opportunities! It is everyone's responsibility, not just elected and appointed folks.

Promoting is intentionally and actively creating and informing about opportunities to participate. This could be effective communication about co-op classes to inform people about

Ensuring Meaningful Elections

BY THANE JOYAL

Within a consumer cooperative, the purpose of electing the board of directors from among the owners is to democratically control the co-op. All fiduciary responsibility for the cooperative rests with the board of directors. Consequently, everything that happens because of the cooperative happens because of the board of directors.

How do we make our board elections meaningful in this context? This is not democracy practiced in the abstract; this is, profoundly, applied democracy. This is democracy within multi-million dollar businesses with significant competitive pressures. It requires that cooperative owners have an appreciation of the role of the board, of the identity of the cooperative, and of its strategic challenges and opportunities.

Education and learning are key to successful democracy; we must share information transparently throughout our cooperative. Can we articulate the difference our co-op makes in our community? Can we explain how our board of directors functions – can we share the amazing sense of a group wisdom that is greater than the sum of its parts? Can we inspire confidence in our ability to meet an uncertain future?

Learning together – about our cooperative enterprise, the role of the board, and the desired qualities in our directors – is a good foundation for creating strong leadership. In a meaningful election, there are strong candidates on the ballot, and voters have enough information to help them understand the

choice they are making.

Potential directors need to demonstrate integrity and be in accord with the board's code of conduct. Board members need to be strong enough within themselves to contribute positively to a group decision-making process. They need to accept the board's governing system and be willing to learn to use it. Excellent board members take the long view, and they are curious and open to learning.

Directors should be able to consider issues with an open and critical mind. The integrity of the board's decisions is of paramount importance. Consequently, board members must be willing to stand behind policies determined by the board, regardless of positions taken prior to a vote, and to support the manager when the manager is acting under the authority of and in compliance with board policy.

To ensure meaningful elections, every board should be working to attract candidates, using a purposeful process that is active throughout the year. Every cooperative should be teaching about the board's role and fostering awareness and appreciation of the value the board brings.

Let's use our board elections to have real conversations about the things that matter to our co-op. Let's be a model for positive democracy, where the goal of the annual board election is to choose from among us the best leaders for the times we are in.

how to give feedback on operational or strategic matters. Both presume there is an opportunity created and that people are informed about how to pursue it.

Perpetuating means do it again and continually improve—and think about how to do democracy in more meaningful ways. It is not enough to do it once. Take the examples I gave and do them again, but better.

“To protect” calls for recognition that democracies are vulnerable and that there are things we can do to keep them safe. This could include remaining vigilant about how well the democratic process is working overall, or helping protect it in acute, tension-filled times.

Each of these four Ps of democracy can be integrated into the teaming, accountable empowerment, and strategic leadership work of our cooperatives.

A specific example that captures many of these points is worth sharing. For the last year, Neighborhood Co-op leaders in Carbondale, Ill., have been exploring the democracy pillar and asking how to make it even stronger. They saw an opportunity to address a current challenge in their community dealing with the development of two potentially competing farmers markets. As a result, they held a “community conversation” with the express objectives of practicing civil democratic discourse around this issue and then relating that back to the cooperative principles and values. They promoted it, and they practiced it for several hours together with community members. They invited me to help facilitate, which served to protect the process as they practiced addressing tension-causing issues. Afterwards, the co-op leaders stayed behind to reflect on and learn from what happened, both on the subject matter and even more importantly on the process of democracy itself. Really cool. Really important.

Finally, how would you describe the most important work of understanding democracy that lies ahead?

Democracy is hard. There is no way around that. But it is hardest up front. If we can start hard, we can finish easy. People that work with me hear me say this all the time. We need to do the challenging work of figuring out how to work with one another in a way that provides meaningful opportunities to participate, practice it, and then do it again—all along the way, providing the protection it needs as it strengthens. We will get better at democracy, and I hope become the new example. This will make all the difference. ■



GENERAL MANAGER

Brattleboro Food Cooperative, one of the largest consumer-owned food cooperatives in the U.S., seeks a GM to oversee co-op operations and meet organizational goals established through policy governance by the board of directors.

Reporting to the board, the GM is responsible for the management of a two-store retail grocery operation with 160 employees and annual sales of \$20 million. The ideal candidate will have retail experience in the grocery industry, the ability to implement strategic initiatives and build community engagement, strong leadership and team-building abilities, a commitment to cooperative values and principles and the local food movement, excellent supervisory and communication skills, proven financial management experience, and strong computer skills.

Located in culturally vibrant Brattleboro, Vt., the co-op has 6,400 shareholders and is open to the public. Competitive wage/benefits package offered.

Candidate screening will begin November 2014. Send cover letter and resume with three professional references to gmjobbfc@sover.net.

For more details: www.brattleborofoodcoop.coop



STORE MANAGER

The Brattleboro Food Cooperative has a position available for a store manager.

The primary focus of this position will be leading and coordinating the activities of our retail departments. Reporting to the general manager and a participating member of the CORE and management teams, you will be responsible for overseeing the management and merchandising of our Grocery, Meat, Seafood, Produce, Wellness, Facilities, Beer and Wine, and Cheese departments to meet goals for sales, margins, labor, and customer service.

The ideal candidate will have significant years of retail food store management experience and possess demonstrable leadership skills. A familiarity with financial management and reporting, experience in establishing margins and pricing, knowledge and experience with developing great merchandising and promotional

programs and category management are essential.

A knowledge and appreciation for natural foods, local sourcing, and a sense of humor will be greatly appreciated!

The Brattleboro Food Co-op offers a comprehensive employee benefits program including health and life insurances, 401k plan, vacation, sick and personal time, and related employee services. Salary for the position will be competitive and based on previous experience and accomplishment.

We are located in the foothills of the Green Mountains of Southern Vermont. Brattleboro is a progressive community and is renowned for its flourishing arts environment.

Qualified applicants are encouraged to email a cover letter and resume to Philb@sover.net or mail to the address below by Nov. 30, 2014:

Manager of Employee Services, The Brattleboro Food Coop, 2 Main St., Brattleboro, VT 05301



GENERAL MANAGER

Apply by: Fri, 11/30/2014
GrassRoots Co-op, a

home-town store located 30 minutes North of the Twin Cities in Anoka, Minn., is seeking a general manager. Independent shops line our Main Street, and GrassRoots Coop has an established history of serving the community from the same downtown location.

Our annual sales are approximately \$2 million, staff of over 20, close to 1,200 members, and the store is 2,200 square feet.

Skills wanted: entrepreneurial and have proven leadership skills, supervisory, financial and retail grocery experience; passion for and knowledge of the natural foods industry; excellent communication and team-building skills; an understanding and commitment to cooperative principles; and experience working with a board of directors.

The ideal candidate is charismatic—and has the ability to grow the membership and revenues of the co-op.

See our website for more details at www.grassrootscoop.org

Please tell us your story by sending a letter of interest and resume to grassrootscoopgm@gmail.com.

Contact name: Greg Castagneri