

# Training for Co-op Board of Directors

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## Roles, Responsibilities & Legalities

### **The Riverwest Cooperative Alliance (RCA)**

**Rca.coop**

**Mission:** The goal of the Riverwest Cooperative Alliance is to help start more cooperative businesses in Riverwest and the surrounding area to meet needs that aren't currently being met by providing seed money, resources and support.

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Developed by the Riverwest Co-operative Alliance  
Milwaukee, Wisconsin

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A portion of the materials in this training packet have been adopted and/or borrowed from selected trainings through NASCO.

# Statement of Co-operative Identity

Adapted by the International Co-operative Alliance 2014

## Definition

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

## Values

Co-operatives are based on the values of **self-help, self-responsibility, democracy, equality, equity** and **solidarity**. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

## Principles

The co-operative principles are guidelines by which co-operatives put their values into practice.

### 1. Voluntary and Open Membership

Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

### 2. Democratic Member Control

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner.

### 3. Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

### 4. Autonomy and Independence

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

### 5. Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

## 6. Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

## 7. Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

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## RCA Co-operative Principles

Adapted from ICA Principles above and Mondragon Principles

1. **Education** - Cooperative education, for all people, so as to understand and employ a daily practice of democracy.

2. **Sovereignty of Stakeholders** - The RCA considers stakeholders (including workers, volunteers, and members,) to be the principal force in the transformation of nature, of society, and of human beings themselves:

- a) grants stakeholders full sovereignty in the organization of the co-operative enterprise;
- b) considers that stakeholders deserve to be the first and foremost recipient of the wealth produced by the enterprise;
- c) manifests its willingness to extend job opportunities to all members of society.

3. **Instrumental and Subordinated Nature of Capital** - Capital is an instrument subordinated to Stakeholders, which is necessary for business development and therefore merits:

- a) a remuneration that is fair, adequate, limited in amount, and an assurance that capital is distributed fairly to both stakeholders and the business itself with respect to earnings generated;
- b) an availability subordinated to the continuity and development of the cooperative, and hence does not impede the effective application of the principle of open admission.

4. **Democratic Organization** - Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Elected representatives are accountable to the membership. Cooperative members have equal voting rights (one member, one vote).

5. **Open Admission** - Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

6. **Participation in Management** - The democratic nature of a co-operative is not limited to the membership side, but also involves the progressive development of self-management and, therefore, the participation of members in business management which, in turn, requires:

- a) the development of suitable mechanisms and channels for participation;

- b) transparent information concerning the performance of the basic management variables of the co-operative;
- c) the use of methods of consultation and negotiation with worker-members and their social representatives in those economic, organizational, and labor decisions that concern or affect them;
- d) the systematic application of social and professional training plans for members’;
- e) the establishment of internal promotion as the basic means for covering jobs involving greater professional responsibility.

7. **Wage Solidarity** - Sufficient payment based on solidarity is a basic principle of the RCA, expressed in the following terms:

- a) sufficient, in accordance with the real possibilities of the co-operative;
- b) solidarity, brought to fruition;
- c) internally, through the creation of a remuneration framework based on solidarity;
- d) externally, based on the criterion that internal remuneration should be in line with that of salaried employees in the same sector and, where appropriate, in the same geographical area that the co-operative operates in, unless it is manifestly insufficient;
- e) aspirationally, towards living wages and family-supporting wages.

8. **Inter-cooperation** - Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

9. **Social transformation** - Cooperative development is important social justice work, most effective through:

- a) the reinvestment of the majority of the net surplus obtained, with a significant proportion earmarked for funds of a community nature, in order to create new cooperative jobs;
- b) support for community development initiatives;
- c) proactive consideration of class in strategy and activity toward equitable distribution of wealth, education, and opportunity.

10. **Concern for Community** - Cooperatives work for the sustainable development of their communities through policies approved by their members that embrace:

- a) class, economic, ecological, and sociological consciousness in development;
- b) preservation of neighborhood autonomy;
- c) expansion of social justice.

## **Job Description of a Board Member**

## General Responsibilities

Translate the general policies of the membership into action through management of the cooperative by decisions made at board meetings. Perform duties required of committee members, represent and inform members to the public/community. Provide for the perpetuation of the co-operative, and act to improve its operations. Act as stewards of the co-operative through careful and strategic planning, sound financial oversight and inclusive decision making.

## Qualifications

A willingness to serve and accept responsibility; loyalty to the organization; ability to cooperate with others; honesty and integrity; the ability to analyze, make decisions, abide by board decisions, be objective; firm belief in the cooperative alternative.

## Specific Duties

1. Attend board meetings
2. Keep informed of issues to be discussed and the condition of the co-operative
3. Be responsive to email communications and discussions
4. Practice active and opening listening
5. Attend committee meetings
6. Perform tasks assigned by committees
7. Ensure that the decisions of the board are carried out
8. Educate members and community at large on the co-op and co-op movement
9. Encourage leadership
10. Enact decision to ensure the financial health of the cooperative
11. Direct (management/staff/collective)
12. Evaluate (management/staff/collective)
13. Ensure that the co-operative is being run according to the principles and decisions of the organization
14. Ensure that the cooperative and its subsidiaries are operation in accordance with all legally binding regulations; i.e.: state and federal laws, city ordinances and codes, the co-ops' articles of incorporation and the bylaws.

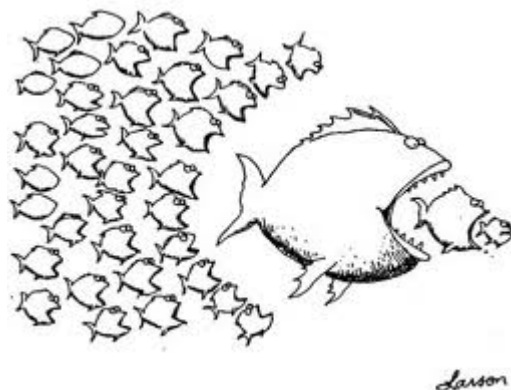
## Job Description of Co-op Member

## General Responsibilities

- Elect competent representation to the Board of Directors
- Review the actions of the Board and management
- Actively take part in the management of the co-operation
- Patronize the business (i.e. use the co-op's services)
- Contribute to the sound financial well-being of the cooperative

## Specific Duties

1. Become active in the co-operative by attending meetings, serving on committees. Accepting special assignments, and genuinely backing the association
2. Amend and adopt bylaws and articles of incorporation as well as resolutions and motions presented at general member meetings
3. Keep informed about the co-operative by reading annual reports, reading the co-ops's publications, and conversing with directors, officers, and employees
4. Vote in elections for directors and bylaw changes
5. Require that officers, directors and employees carry out the provisions of the articles of incorporation, the bylaws and the mandates of the membership
6. Consider requiring an annual audit to review the management's stewardship
7. Actively take part in group decision making and abide by the decisions of the group
8. Use the co-op's services, and encourage others to use them and to join
9. Assist in financing the organization
10. Approve major changes in capitalization and n facilities owned by the co-operative



## Duties & Functions of the Board of Directors

(from *Principles and Practices for Nonprofit Excellence in Michigan*, distributed by the Michigan Nonprofit Association)

### **Duty of Care**

The duty of care describes the level of competence that is expected of a board member, and is commonly expressed as the duty of “care that an ordinary prudent person would exercise in a like position and under similar circumstances.” This means that a board member owes the duty to exercise reasonable care when he or she makes a decision as a steward of the organization.

The following guidelines to directors, can be drawn out of the court’s interpretations of the duty of care, including:

- know the company thoroughly
- research issues thoroughly, get the facts
- devote the time needed, be prepared for and attend all meetings
- honor the office— have an open mind, subordinate individual ego
- insist on complete and timely information
- allow adequate time for deliberations
- maintain good records of Board actions
- approach the job with complete honesty and personal integrity.

### **Duty of Loyalty**

The duty of loyalty is a standard of faithfulness; a board member must give undivided allegiance what making decisions affecting the organization. This means that a board member can never use information obtained as a member for personal gain, but must act in the best interests of the organization.

### **Duty of Obedience**

The duty of obedience requires board members to be faithful to the organization’s mission. They are not permitted to act in a way that is inconsistent with the central goals of the organization. A basis for this rule lies in the public’s trust that the organization will manage donated funds to fulfill the organization’s mission.

\* \* \*



**Functions of a Board of**

**Directors**



### **Supreme Decision Center Functions**

The concept of the board as the supreme decision center recognizes the fact that a cooperative must have one decision center for coordinating the whole enterprise. The board shall not abdicate its responsibilities as informed, competent, directors who take responsibility for overall direction of the cooperative.

The board of directors functions as the supreme decision center by:

- proactively addressing problems;
- formulating proposals to meet concerns;
- establishing objectives;
- formulating, approving, and adopting policies;
- approving goals, programs, and plans;
- selecting the managers of the co-op organization.

### **Advisory Functions**

The board of directors performs an advisory function for managers and members. The board advises members of changes requiring their action or sanction. These changes may enable the cooperative to perform more effectively in a changing environment or may be required by law. The board's advisory function to members is closely related to their function as trustees.

The board's role in advising management is more difficult to specify. Alert managers will seek the advice of the board when formulating operating policies and when implementing broad policies and programs. Managers will often seek the advice of directors on possible solutions to operating problems.

### **Trustee Functions**

The board functions as a trustee for members (past, present, and future) and the general public by assuming responsibility for the effective, socially responsible management of the cooperative. Basically, the trustee function is the controlling of the co-operative's assets in such a manner as to protect and develop the cooperative within the general interests of society.

The board carries out its trustee function by stewardship of the resources committed to the cooperative. The board often employs outsiders to audit the financial affairs of the corporation. This provides the board with an independent check on the soundness of the co-op's business practices and management's operation of those practices.

### **Perpetuating Functions**

A fundamental task of the board is to provide for the continuity of the co-op. The board accomplishes this by selecting, guiding, and supervising effective management and by taking other measures to ensure continuity of direction of the co-op. Other perpetuating activities include numbering board proposals to enable referral to opinions and activities of previous boards, planning processes, which are built upon year after year. Boards manuals are perpetuating activities, as well as a structure that encourages board members to continue serving for more than one year.

The board's ability to provide continuity boils down to its own ability to remain a vital force over time. Its vitality must transcend the terms of members, management, and directors.

The board has two primary tasks in this regard:

1. to specify an ideal level of effectiveness for the functioning of the board
2. to maintain a board at this level of performance by transferring knowledge, skills, and attitudes to new board members.

### **Symbolic Functions**

The symbolic function goes beyond the cooperative. It permeates the community with which the co-op deals. Directors have a tradition and duty to uphold the cooperative in all private and public contracts. A directorship is a position of responsibility and trust; it is a position reserved for leaders. Directors cannot escape the symbolic function associated with their position and must learn to perform it effectively.

Legal Responsibilities of the Board

## **Board Authority**

The duty of a director is not to manage the daily affairs of the organization, but to supervise and to direct the management of the co-op. The Board is the supreme decision center for the organization, and it is legally recognized as having the ultimate authority within the organizational hierarchy.

A Board of Directors derives its authority from statutes, from bylaws, and from co-op members. Board authority is granted by the Articles of Incorporation. Boards should take care that their organization's Articles of Incorporation neither restrict nor render limitless the authority of the Board. The co-op's purpose as stated in the articles must be limited for the protection of the members, yet must also be stated broadly enough to give the Board adequate authority to fulfill its basic purposes.

While the Articles of Incorporation grant Board authority, the bylaws define the powers and duties of the Board. Directors and officers are limited to what authority is needed to carry out the duties and responsibilities defined in the bylaws. Directors achieve authority only by virtue of presence and vote during tenure in office during a regular or special meeting of the Board of Directors, called as required, with notice as specified, and with quorum present, all as set out in the bylaws.

There are commonly three bylaw limitations on the Board's authority that are set aside for membership action:

1. the election of the Board members;
2. the removal of Board members; and
3. amendments to the bylaws, policies, and other organizing documents of the co-op.

According to Herbert H. Fisher in *Legal Responsibilities and Authority of a Cooperative Board of Directors*, the responsibility and authority of a co-op Board and individual directors are not well defined by the courts. The judicial trend has been "to uphold the contractual relationships between the co-op

and the membership, including the setting of standards for the welfare of the whole community group.” The courts have also shown a tendency to protect the individual from “arbitrary and discriminatory action by the Board.” This means that when legal action is taken against a co-op, the Board’s actions are judged “as to whether or not there is the slightest theoretical connection between the rule, regulation, or policy in question and the community’s welfare or the welfare of the cooperative.”

There are certain aspects of the Board’s authority that have been recognized by the courts. For example, the Board’s authority to accept or to reject applicants for membership, or to delegate that authority, has yet to be successfully challenged in court. A Board’s authority is “complete and without limit” so long as it is non-discriminatory with respect to race, religion, ethnic or national origin, gender, sexual preference, or ability. Yet when defining membership qualifications, Boards or Board committees should establish standards “which bear a definable and reasonable relationship to the well-being of the co-op as a whole” (Fisher).

The Board also has the authority to establish and to enforce rules so long as they contribute to the sound operation of the cooperative. In creating rules, the Board acts on its own, presumably acting in the best interest of the welfare of the community. The member, in signing a contract or occupancy agreement, agrees to abide by those rules.

When developing rules, the Board of Directors should try to see that:

- the objective of the rule is to serve the community welfare and not the whim of one or two members;
- both the objective and the means to achieve it are clearly set out in the rule and are related; and
- the rule does not discriminate against a single member or group of members but in fact is equally applicable to all members.

### **Legal Board Responsibilities**

This is a basic way in which the law defines the fiduciary, or trustee, duty of directors. They are expected to act in good faith, for the benefit of the corporation as a whole, and for the protection of the owners’ assets and interests.

**The following are some generally accepted legal responsibilities:**

- 1) Directors cannot abdicate their responsibility to direct.
- 2) Directors must manage the business along lines imposed through the Articles of Incorporation and bylaws.
- 3) Directors are responsible for appointing officers and delegating authority to them for carrying out the functions of the corporation.
- 4) Directors must be knowledgeable about corporate affairs to enable them to perform their duties effectively.
- 5) Directors must act in good faith and with reasonable care in handling the affairs of the

business.

- 6) Directors are considered in law as representing a trusteeship to stockholder or members.
- 7) Directors must regularly attend Board of Directors meetings. Absence from meetings does not equal freedom from responsibility for Board of Directors decisions.
- 8) Directors may be held financially responsible for losses incurred by the co-op under certain specific circumstances, principally gross negligence.

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## Reducing Director Liability

Through incorporation, a co-op's directors avoid direct liability for the actions of the corporation - the co-op in effect becomes a legal "person" which is liable for its actions separately. As those responsible for the management of the co-op, however, Board members can be held liable for the mismanagement of the co-op in cases where illegal, criminal, or other damaging activities result from their decisions.

Examples given in the Cooperative Corporations Act include:

- 1) Actions approved by the Board which cause environmental damage;
- 2) Noncompliance with the legal provisions governing member share capital & dividends;
- 3) Engage in unfair financial assistance to certain groups of members/staff which cause financial losses to co-op;
- 4) Employment of staff knowing that co-op cannot afford to pay them.

There are a number of preventative measures a Board of Directors and individual directors can take to protect themselves from liability. An obvious way to avoid problems is through **written documentation**. All major actions of a Board, including documentation contributing to decisions, should be thoroughly and carefully recorded, most commonly through minutes and meeting packets. Minutes should reflect alternatives considered and Board decisions, for matters discussed and abandoned or tabled may help clarify the logic of decisions. An individual director, as well as an absent director, can avoid legal liability for a decision by having her or his dissent recorded in the minutes. In meeting packets, committees with clearly written assignments and a reporting form might make possible more thorough discussion at Board meetings. Likewise, proposals should be concisely written with as much supporting information as possible. Greater involvement between directors and management in a corporation's planning process may benefit the Board's and management's plans and increase director understanding of the activities of the corporation.

Large co-ops with complex business activities should also seriously consider retaining a "counsel to the Board", since in-house counsel is often kept busy with managerial and routine business matters.

For difficult decisions or decisions concerning matters which are not normally illegal, such as a pet policy or a quiet-hours policy, a Board can **obtain stockholder-member ratification** to avoid potential liability. If a Board takes precautions with its affairs and actions, it can vastly reduce its liability, for courts have

made it clear that the procedures by which directors make decisions are important and indicative of the care and attention directors take in their role. A court will not substitute its judgment (in hindsight) for that of a Board, for it recognizes that business judgment involves risks, and directors are generally not involved with business on a daily basis.

Finally, a Board can reduce its liability through **indemnification**. Indemnification is a pledge by one group to protect another person or group from possible damage, suit, or injury. Directors can receive indemnification through language in the co-op's bylaws stating that the co-op will stand behind its directors for actions they take on behalf of the co-op. Another possibility is through insurance, commonly called "directors' and officers' liability insurance" (D & O insurance).

Indemnification insurance can sometimes be purchased to establish the financial support of an insurance company for an indemnification policy. However, D & O insurance, with its high premiums and high liability, is often unnecessary for student co-ops, which tend not to be sued for director misfeasance. A co-op's best bet is through preventative steps as outlined above.



## Board Decision Areas

There isn't really a fine line of distinction between the executive/manager/staff/collective and the Board's authority, but there is a list of criteria to help distinguish between board and staff decision areas:

- 1) Ultimate accountability to members is vested in the Board, who may subsequently grant certain authority to officers, agents, and employees as permitted under the co-op charter, bylaws and applicable laws. The executive/manager/staff/collective in turn is accountable to the Board and initiates action within the boundaries of authority granted by the Board.
- 2) The Board is primarily concerned with idea decisions; staff with action decisions. The distinguishing feature here is the scope and focus of responsibility within each function rather than the functions themselves.
- 3) Decisions on overall objectives, policies and goals are the responsibility of the Board.
- 4) Decisions related to attaining objectives and goals are the responsibility of the executive/manager/staff/collective.
- 5) Decisions involving long range and consequential commitment of resources that include facilities, finances, or human-power are the Board's responsibility.
- 6) Decisions involving intermediate and short-range commitment of resources, and the organization and control of these resources are the responsibility of the executive/manager/staff/collective.
- 7) Decisions related to the assurance of capable staff succession by providing training are the Board's responsibility.
- 8) Decisions specifying the ideal pattern or model of Board behavior and performance, and the review of and perpetuation of this ideal through indoctrination and training of directors are the Board's responsibility.
- 9) Control over the executive/manager/staff/collective and Board performance, decisions involving long range and substantial financial commitments and financial structure, objectives and policies as well as public and member relations are the Board's responsibility.
- 10) Control over operations and over any subordinate managers/employees, decisions involving procurement, production and marketing plans and industrial and employee relations are the responsibility of executive/manager/staff/collective.

Board or executive/manager/staff/collective?

- Defining objectives, policies and/or goals
- Budgeting preparation
- Defining divisions of duties among staff
- Filling Board vacancies
- Setting wage/page scales
- Evaluating staff
- Basic affiliations with supplies/vendors
- Responsible for staff working conditions
- Short term resource expenditures
- Basic changes in financial structure
- Defining operational level objectives, goals and day-to-day policies
- Evaluating the Board
- Approval of staff benefit programs
- Staffing committees
- Hiring/dismissing staff

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## Board/Management/Staff/Collective Relations and Roles

It is important to be aware of the power dynamics at work with regard to the Board's supreme decision making role/function and the co-ops staffing structure.

In most co-operative organizational structures, the scale of authority is like this:



While the most authority is dictated to the membership, it is impractical to expect the membership to give its attention to or to be well-informed about every major situation facing the co-op. The membership therefore delegates certain functions and responsibilities to the Board, which is consequently responsible directly to the membership.

The Board in turn delegates certain operational responsibilities and day-to-day decision-making to the executive/manager/or collective who is in the next position of authority. Finally in a hierarchical staffing structure, the executive/manager delegate tasks to the staff, who hold the least amount of authority.

Boards must be careful to recognize that authority is not equivalent to information. In fact, if we were to take the above scale and use it to measure levels of information, the exact opposite would hold true.



The staff holds the most specialized information in the organization. The Board must recognize that it is in the nature of the organizational structure that the Board receives information from staff.

## **Committees: Why and How**

### **Why Committees?**

- Committees provide significant ways for members to get involved
- Committees are great opportunities to develop new leaders
- Committees, as smaller entities than the Board or general membership, can effectively focus on a specific set of issues or problems and create solutions
- People who serve on committees generally have an interest in the tasks the committee is committed to executing so things actually get done.

### **Symptoms of Unhealthy Committees**

- Low commitment level from members
- Difficulty setting meeting times
- Poor meeting attendance
- Very little or no follow-through activity between meetings
- Low level of creativity
- Low level of cooperation

### **Characteristics of Healthy Committees**

- The committee has a list of goals and the tasks that are undertaken are stepping stones to the larger goals
- The size of the committee is small enough to get tasks accomplished, not as big as the Board or membership as a whole
- The leadership of the organization is clearly committed to the goals of the committee
- If needed, the committee has adequate resources including staff support (when applicable), budget, etc.
- The committee has a delegated chair or leader who organizes meetings and delegates responsibility to other members
- The committee is open to all interested people to become members and participate

### **Characteristics of a good Committee Chair**

- Starts and ends meetings on time by using a publicized agenda
- Encourages group to get well acquainted
- Seeks to involve all members of the group
- Keeps the discussion directed to the topic at hand
- Avoids acting the role of an expert, guides discussion without leading it
- Summarizes discussion of the committee from time to time
- Maintains awareness of dignity of each individual members, avoids negative personal attacks
- Is seen by committee members as sincere and thoughtful
- Summarizes the meeting and action taken at the meeting
- Works as liaison between the committee, the Board, other committee, staff (when applicable) and beyond



## Consensus Decision Making

### Basics of Consensus:

A decision-making process that many co-ops use is consensus. Consensus is a process of building united judgment whose purpose is not to avoid conflict but to bring out all opinions and perspectives. Each position has a responsibility to present facts and perceptions which are not being considered, to explain their position clearly and rationally, and to question the other positions so as to reach full understanding of their positions. The minority has a special responsibility to point out the shortcoming of the majority position, while the majority has a special responsibility to answer all the misgivings of the minority on the question and to assure them that the question will continue to be re-evaluated. In reaching a decision by consensus, the emphasis is on resolving differences and arriving at the best possible solution for the entire group.

### **SOME GUIDELINES FOR REACHING CONSENSUS**

- 1) Avoid arguing for your own ideas. Present your position as lucidly and logically as possible, but listen to the other members' reactions and consider them carefully before you press your point.
- 2) When coming to a decision use an explicitly stated (and if possible) written down proposal for consideration.
- 3) Provide explicit time for questions of clarification with regard to the proposal. Don't allow this time to turn into debate, lobbying, proposal of alternatives, etc.
- 4) Do not assume that someone must win and someone must lose when discussion reaches a stalemate. Instead, look for the next-most-acceptable alternative for all parties.
- 5) Distinguish between major objections and friendly amendments. A major objection is a fundamental disagreement with the core of the proposal. A friendly amendment is a modification or addition to some, as part of the proposal but which does not change the core of the proposal.
- 6) In case of major objections the proposal should receive additional work before again being considered by the total group. This work should include supporters of the original proposal as well as individuals with major objections and should result in a revised proposal to be brought back to the group.
- 7) In the case of friendly amendments a list of all such amendments should be made prior to discussion. Each amendment should be dealt with one at a time with opportunity for clarifying questions.
- 8) Do not change your mind simply to avoid conflict and to reach agreement and harmony, when agreement seems to come too quickly and easily, be suspicious, explore the reasons and be sure everyone accepts the solution for basically similar or complementary reasons. Yield only to positions that have objective and logically sound foundations.
- 9) Avoid conflict-reducing techniques such as majority vote, averages, and bargaining. When a dissenting member finally agrees, don't feel that s/he must be rewarded by having her or his own way on some later point.
- 10) Differences of opinion are natural and expected. Seek them out and try to involve everyone in the decision process. Disagreements can help the group's decision because with a wide range of information and opinions, there is a greater chance that the group will hit upon more adequate solutions.
- 11) Decision making through consensus involves discussion and accountability of viewpoints as

opposed to power struggles. Postponements of decisions to give time to reconsider and recognize that all people participating are able to accept and work with the decision is vital to the consensus process.

- 12) Be sure and write down the decision at the time it is made to make sure everyone agrees on the same thing and to insure a record that can be subsequently referred to.

## **THE ROLE OF THE FACILITATOR IN CONSENSUS DECISION-MAKING**

Although all members of a group need to maintain their awareness of how the group is operating, it usually helps to have one person who is making that a specific concern. We are all familiar with the usual “leader” model for a group, whether chairperson, teacher, or president, but in consensus decision-making, the aim of the process is different, so the type of role needed is also different. The facilitator, from the Latin “to make easier,” is a guide who responds to the group’s needs and desires, respects individuals and democratic process, and sensitively poses constructive questions rather than imposing answers and rules.

The main functions of a facilitator are

- 1) to elicit from the group decisions on what to discuss and how to proceed, and then to serve to keep the group within that framework by objectively guiding the process, and
- 2) to determine the developing “sense” of the meeting on each issue discussed and to pose judgment on the group position.

### The facilitator’s tasks include:

Being aware of the interactions among people.

Helping others to be aware that the consensus process involves responding to ideas and combining the insights of others with one’s own.

Making sure that respect is maintained for each individual by allowing time for everyone to express themselves.

Pointing out any obstructions to the process, like excessive repetition of a point, interruptions, and trends of introducing new thoughts with no acknowledgment of a previously expressed idea.

Expressing at appropriate points what s/he feels is a united judgment, and getting people to remove themselves somewhat to assess whether the expression of that judgment is a consensus.

Perceiving times when no united judgment is being reached on an issue, and asking the group to consider whether to defer that question, eliciting a group decision on that matter.

Beginning the meeting.

Calling for introductions if appropriate.

Calling for agenda items and writing them up on a large sheet of paper on the wall which everyone can see; calling for group help in assigning priorities to each item, and writing the priority numbers on the sheet.

Asking the group to set a time limit for the meeting.

If a controversy develops over following the “established” procedure or agenda, asking for group feeling on whether to “re-establish” it.

Regulating the pace of meeting; if dragging, encouraging people to be more concise; if speeding, or angry, asking for short silence.

Encouraging everyone to watch that their behavior contributes to the constructive conduct of the meeting.

Leaving enough time at the end of the meeting for collective reflection, evaluation, criticism-self-criticism, and learning from experience, which are important to continued meeting improvement.

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## **Sample Proposal Format**

**Subject:** Board members can tell at a glance what the proposal is about and where it originated.

**Background:**

Why the proposal is needed.

**Proposal:**

Avoid including anything in the text of the proposal that is not part of the proposal itself.

**Implementation:**

Who, how, cost, monitoring, evaluation.

**Considerations:**

What major questions does the proposal raise? What are some of the pros and cons of the proposal?

**Date/Author:**

## Glossary of Terms/ Acronyms/ Hand signs

AGM = Annual General Meeting

Meeting of the entire membership typically run by the Board. This is an opportunity for members and leadership in the organization to connect, report, ask questions, provide feedback, plan for the future strategically, elect new Board directors and amend/propose bylaw and article changes/additions.

Collective

A collective is an organization that is managed without hierarchy. This means that every member has equal decision-making power. Some decisions may be delegated to individual members or sub-committees, but no one has the special, un-recallable authority usually granted to a manager. The legal structure will specify that all Members are automatically Directors and must accept the responsibilities of Directorship, or that the organization is managed by Member meetings.

Co-operative

A cooperative is an organization that is owned and democratically-[governed](#) by its members. Each member owns one voting share, and has one vote on major decisions as outlined in the organization's [bylaws](#). Cooperatives generally adhere to the [seven principles](#) outlined by the International Cooperative Alliance.

GMM = General Membership Meeting

Different name for an AGM, see description above.

RCA = Riverwest Co-operative Alliance

A cooperative alliance or organizations dedicated to fostering an equitable and democratic economy in the Riverwest neighborhood of Milwaukee, Wisconsin.

Workers' Collective

A worker collective is a particular kind of worker cooperative. A worker collective adheres to the same cooperative principles as does a worker cooperative. However, worker collectives also adopt a non-hierarchical (often called a "flat" or "horizontal") management structure. This means that all workers are equal co-managers: nobody has un-recallable decision-making power or authority over another worker. Smaller decisions may be made by individuals, department teams, or committees, but all collective members participate in both major [management](#) and [governance](#) decisions.

Worker Co-operative

A worker cooperative is a cooperative in which the workers are the only member-owners. This means that each worker owns one voting share, and is able to participate in the [governance](#) (and often the [management](#)) of the business. Because workers are the only people eligible to become member-owners, outside investors or consumers do not participate in the governance of the cooperative. Some worker cooperatives have elected managers, or managers who are hired by the elected Board of Directors. Some worker cooperatives that are not collectives have a flat management structure at an operational/worker level with no managers, but key decisions made by the Board of Directors.

## Common Hand Signs:

- Thumbs Up = complete support and good feelings, no doubts, questions or concerns
- C for Clarification = a C hand sign indicates that the participant has a clarifying question which needs to be answered before they can indicate a level of support. Those with clarifying questions will be called upon first before going down the stack
- Process Point = at any point in a meeting, a participant can place their hands together in front of them forming a triangular Process Point to indicate that they have a serious concern with the meeting process. Examples include an agenda item skipped, too much noise in the meeting area and discussions going unheard, the facilitator missing a hand sign
- “Twinkles” = is American Sign Language for applause and can be done at any time by twinkling the fingers on one or both hands in the air. This sign can be interpreted as echoing a comment and showing non-verbal support of discussion points. Using this sign helps to show meeting participants how others are feeling without the need to repeat comments and unnecessarily prolong discussion
- “Knocking” = is American Sign Language for “yes” and is used the same way as twinkling. It is done by knocking in the air 2-4 times.
- Hand to Ear = by cupping one hand to your ear you are showing the speaker that you are unable to hear them clearly.



c. Point of Process - a valued interruption



yes





## Board Performance Evaluation

This is a tool to help Boards of Directors assess areas of their performance that can be developed. The results of this questionnaire can be used to help prioritize areas for policy and procedure development.

- I. Director Training
  - a. Is there a board orientation program?
  - b. Are directors required to attend board training?
  - c. Do directors have up-to-date board manuals?
  - d. Has the board reviewed the director job description within the past year?
  - e. Is some kind of board training held at least once per term?
  - f. Indicate what areas board members receive training in:
    - director roles & responsibilities
    - co-op policies
    - meeting procedure
    - planning skills
    - financial skills
    - committee use
    - board/staff relations
    - personnel management
    - anti-oppression
- II. Meeting Preparation
  - a. Do directors receive materials at least two days in advance of a meeting?
  - b. Are meetings publicized well?
  - c. Do minutes include the following:
    - Date/Time/Place?
    - List of Present/Absent?
    - Agenda with revisions?
    - Exact wording of decisions?
    - Written reports presented?
  - d. Are minutes distributed prior to the next meeting?
  - e. Are written reports prepared when appropriate?
  - f. Is there a policy on whether reports should be written or oral?
- III. Committee Attendance
  - a. Do all board members attend at least 90% of meetings?
  - b. Is there a policy to remove directors for non-attendance?
- IV. Meeting Participation
  - a. Do all members contribute to the discussion in meetings?

- b. Does the chair minimize unnecessary discussion?
  - c. Does the chair solicit input from quieter members?
  - d. Do all directors understand the proposal before voting occurs?
  - e. Do votes regularly carry with more than one-third of the directors abstaining?
  - f. Is the agreed upon meeting process used properly?
- V. Committees
- a. Are committees appointed in a timely manner?
  - b. Do committees meet as necessary? Are meeting times regular?
  - c. Do committees provide the Board with written reports?
  - d. Are committees given clear objectives and assignments?
  - e. Are individual committee members effective and useful?
- VI. Legal Issues
- a. Is each director furnished with a copy of the co-op's articles of incorporation, bylaws and standing rules/Board policies?
  - b. Are minutes approved at each meeting?
  - c. Are directors aware of what would constitute a conflict of interest?
  - d. Does the co-op consult its attorney when necessary?
  - e. Does the co-op use in-camera sessions when necessary?
- VII. Financial Planning & Policies
- a. Has the Board thoroughly reviewed the co-op's financial policies in the past year?
  - b. Does the Board approve the operating budget each year?
  - c. Is the Board provided with information to understand the budget before approval?
  - d. Has the Board established financial objectives for the year?
  - e. Does the Board receive reports detailing progress towards these goals?
  - f. Does the Board regularly receive variance reports?
  - g. Does the co-op regularly review its insurance coverage?
  - h. Does the co-op regularly review its employee bonding program?
  - i. Is the audit presented to the Board by the co-op's auditors?
  - j. Does the finance committee develop policies based on the audit's suggestions?
- VIII. Planning
- a. Has the co-op updated its mission statement in the past five years?
  - b. Does the co-op review its standing policies at least every three years?
  - c. Does the co-op have a business plan or three-year-plan?
  - d. Does the Board have an up-to-date planning calendar?
  - e. Does the Board review progress toward plans on a regular basis?
- IX. Staffing
- a. Have job descriptions been updated within the past year?
  - b. Has the Board conducted evaluations and follow ups on progress each year?
  - c. Has the employee compensation packet been reviewed each year?