

The Growth Roadway

Spotlighting board stewardship

BY ART SHERWOOD



The Cooperative Strategic Leadership GROWTH ROADWAY

DIAGRAM BY PAT THOMPSON

Expansion and growth are on the minds of many cooperative board and management leaders. And this makes sense, since growing our cooperatives' abilities to deliver on their organizational Ends is of critical strategic importance.

It certainly was on our minds at Bloomingfoods Co-op (Bloomington, Ind.) this last year as we addressed growing to include a fourth store and purchasing the property for the first time ever. A fourth store! A neighborhood store! Let's get everybody on board and pumped up! You could feel the excitement in the air.

But...wait. What about the money? What is the risk? Why that location? What if it doesn't work? What about...what about...?? Can you feel the air going out of the balloon?

Both forward-looking and mindful of accountability

There exists an inherent tension for a board of directors as it tries to fulfill its role in growth and expansion. On the one hand, co-op boards want to be forward-looking leaders, while on the other, they want to carry out the challenging work of accountability: to motivate forward motion vs. slowing down to ask the

THE FIVE MAJOR STAGES

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|------------------------------------|---|--|---|--|
| 1. | 2. | 3. | 4. | 5. |
| Prior to the growth project | Growth project policy identification | Preparing for stakeholder questions | Growth project policy monitoring | Integrated strategic communications |

tough questions. This breeds tension inside the board itself and in the board-general manager relationship.

At Bloomingfoods, we wondered how we could make this a process that emphasized the board *and* general manager, rather than the board *versus* general manager. How could we avoid our questions becoming indictments about trust? How could we play our forward-looking leadership role and be excellent at accountability?

This article will describe a process with five major stages that can be used by a board and its general manager (GM) to successfully work together as they face this inherent tension. The process is called the Cooperative Strategic Leadership (CSL) Growth Roadway. I believe this process shows significant practical potential, based on my experiences over the last year, including time as Bloomingfood's board

president, discussions at my CCMA conference workshops, and using those ideas to reflect on and prepare for growth at co-op leadership retreats, such as at Wheatsville and Roanoke.

The process steps can be designed in advance, but the whole thing is flexible enough to adjust as your plan hits reality. I will use the Bloomingfoods story to illustrate my points. This story should be seen as one of many ways the process could roll out.

Two lanes on the Growth Roadway

Imagine you are travelling down a one-way roadway with two lanes, shown above. The left lane represents our leadership role (change, forward looking, motivating, communicating excitement), and the right represents our accountability role (checking, asking tough questions, stopping the process if needed, monitoring). The CSL Growth Roadway represents

Navigating the Growth Roadway: Opportunities for skill development and practice

the project from start to finish through the work done by the board and GM together. And it is a path to successfully managing the tension between the two lanes.

Several Cooperative Strategic Leadership principles come into play as the leaders move from left to right. First is *Power with* versus *Power over*, in that it is critical for the board and GM to begin with the aim of working together as a Top Leadership Team rather than at odds with one another. Each has its unique leadership role to play, and they want to set each other up for success.

The second principle is *Alignment* around the purpose of growth and the process being used to grow responsibly.

The third principle is *Safe Strategic Conversations*. The leaders need to understand that the purpose of conversations taking place will change depending on the lane of the roadway. Agreeing in advance on the purpose, determining who has what decision-making authority, and sticking to these will support making these conversations safe.

The process emphasizes the leadership lane, while shifting to the accountability lane at appropriate times and then shifting back. The leadership lane can include the board and management working together in their unique roles to lead the co-op forward through activities such as visioning, exploring possibilities, motivating and communicating. The conversations are safe because everyone agrees up front upon the purpose of the interactions. The accountability lane can include board monitoring plans and performance against policy. Again, the conversations are safe because everyone knows the purpose and their role and is clear about who makes which decisions in the process.

Five major stages

There are five major stages in the Growth Roadway process (see illustration, page 20). Each stage represents a timeframe within the entire growth project and includes major shifts back and forth between the lanes. (Of course, there will be many smaller shifts to do the ongoing leadership and accountability work of the co-op, such as monthly monitoring, but these are not the focus of this article.)

Stage 1: Prior to the growth project

Prior to or between growth projects, the board and GM can work together on envisioning the future and exploring possibilities. Boards often call this "board learning," and it happens in the leadership lane. For two years prior to our recent project at Bloomingfoods, we learned about local economies and local food systems, and we also focused on strengthening the board-GM relationship and decision-making. Of course, the ▶

Some people might already be fully equipped to provide the leadership essential to help our co-ops move down the Growth Roadway. However, most of us can benefit from some reflection on what such leadership takes, along with taking opportunities to improve our skills through practice.

The movement within the board of directors between leadership and accountability that Art Sherwood describes in the accompanying article takes an awareness of where you're trying to go, where you are on the road, and what's going on around you. This could be challenging enough on one's own, but in our co-ops we have several layers of relationships to respect and build into the process. And that's not even factoring in all the backseat drivers!

In 2013, there will be many opportunities to build your individual and group leadership skills, as well as to practice engaging in focused large-group conversations. The Cooperative Board Leadership Development (CBLD) Team has developed two in-person, one-day sessions for directors and managers, Leadership Training and Strategic Seminars. Here are descriptions and the schedule:

Leadership Training focuses on three levels of leadership development: individual skill building, building an effective team, and integrating the strategic process into a work plan. Each of these three components includes learning key principles and practicing using relevant topics and scenarios. For 2013, the topics and scenarios will very much be focused on successfully navigating the Growth Roadway. Board chairs, general managers, and other directors interested in leadership skill development will find this a valuable opportunity to learn and practice.

"I am thrilled by the new Leadership Training... The concepts presented were revolutionary to us and transformed the way our board and GM think and coexist," said Clem Nilan, general manager of City Market/Onion River Co-op in Burlington, Vt., after attending Leadership Training earlier this year.

Strategic Seminars provide an opportunity to learn and grow through conversation with others. Seminars are large-group format events for full boards, top management teams, and others essential to building alignment in our co-op communities. Short presentations provide

food for thought in advance of conversations focused on powerful questions such as:

- Why is it important for our co-ops to grow? How does growing our co-ops increase the benefits and value our co-ops produce in our communities?
- How do we provide leadership and, among members, boards, managers, and staff, build alignment that strengthens our co-ops and allows them to flourish in our communities?

Tim Clougher, a director at Bloomingfoods Market and Deli (Bloomington, Ind.), said of a Strategic Seminar he attended, "It was actually hard to take a break because the conversation was so inspiring." Walden Swanson of CoopMetrics commented, "It worked very well! Stimulating, entertaining, broadening, and led to some good discussions."

These in-person sessions are meant to complement one another...one providing leadership development training and practice, the other providing a chance for a large group of leaders from your co-op to engage with others and practice building strategic conversations that will help move your co-op forward.

What would the future be like if we were really good at navigating our co-ops down the Growth Roadway? What would we learn? How would we lead? Please join us in this important work! —Mark Goehring

Leadership Training Schedule

Jan. 12: Albuquerque, N.M. and Minneapolis, Minn.
Jan. 26: Asheville, N.C. and Brattleboro, Vt.
March 23: Portland, Ore.
May 18: Mt. Pleasant, Mich.
Sept. 28: Sacramento, Cal.

Strategic Seminar Schedule

March 2: Asheville, N.C.
March 9: Eau Claire, Wis.
March 16: Brattleboro, Vt.
Oct., TBA: Albuquerque, N.M.

For more information

Including costs and updates on additional sessions, go to www.cdsconsulting.coop/cbld/in-person, or contact Mark Goehring at MarkGoehring@cdsconsulting.coop.

◀ board carried out regular, monthly moves into accountability by monitoring policy according to our calendar.

A major shift to the accountability lane occurs when something indicates that the GM is getting serious about expanding. In our case, our GM said that one of the options his team had been investigating was heating up and looking like it could happen. His plan clearly had decisions for the board to make related to purchasing property and entering into debt. Shifting to the accountability lane, we focused on our role and the process ahead as part of our annual retreat and began an earnest discussion about how this expansion would further our cooperative's Ends.

Stage 2: Growth project policy identification

Move to the accountability role and identify relevant existing policy. In order for our board to make an enthusiastic decision to purchase property and incur debt, we agreed that it was critical to be in compliance with particular policies in our register. Shifting into the accountability lane, we looked through our existing policies to see which ones we felt applied to this project and then shared them with the GM. The policy

identification was a board decision, but having the GM's voice involved made a lot of sense to ensure a good decision and to gain alignment.

We also found it important for all to trust that the GM would not go forward if the project would violate these policies (or if the project is without an acceptable plan to get back in line—because, of course, financials will not always be pretty for a while after an expansion!).

Trust is the critical word here, and this is a great opportunity to build it. Another trust builder is to make a pre-agreement on applicable policy and then stick to it. If a change is needed because conditions change, it is not out of the blue or sprung upon anyone. No surprises! Of course, you want to have established a process to monitor the policies, one that everyone understands and agrees upon.

Our board asked that we have all the compliance reports at least 30 days prior to our decision. When we were done, we identified applicable policy in the areas of:

- Ends
- financial conditions and activities
- planning and budgeting
- asset protection
- communication to the board

We also asked to learn more about four areas:

- market feasibility
- financial feasibility
- design feasibility
- internal readiness

This learning question led us to shift back to the leadership lane and Stage 3.

Stage 3: Preparing for stakeholder questions

Leaders can expect that co-op stakeholders will have a variety of questions related to the project. For a co-op board, a focal stakeholder group is the owners. We asked, what are the questions we might be asked by owners (and perhaps others) and that we should know the answers to? We dubbed this list our FAQ, or Frequently Asked Questions.

This approach serves two purposes. First, it does prepare you to answer questions! Second, it builds a platform for having safe strategic conversations around important questions that build the knowledge and understanding of the project together in a less contentious way, because you are not making an accountability decision. Rather, you are building shared understanding. ▶

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notes from the field

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◀ The board built a list of FAQs, took a crack at answering to clarify what we already knew (a lot!) and then went to work with the GM to answer the rest. While the majority of our time was spent with the FAQs, we continued accountability checks through our planned monthly monitoring work, and we expected the GM to keep us informed about the project as it related to policies identified.

As examples of FAQs, in general we looked for help articulating the case for the new store in three broad areas:

- How does expansion help meet our Ends?
- How does this expansion fit into our current strategic plan?
- Why choose this store instead of other possibilities?

Specifically...

1. Why are we expanding to this neighborhood?
2. How does this fit the co-op's strategic plan?
3. Why not lower prices instead of opening a new store?
4. Why have three stores so close together?
5. Why not open a store elsewhere?
6. Why choose this site?
7. Is this new store the reason my patronage rebate is not bigger?
8. Why not give employees raises instead of opening a new store?

We worked for months engaging in safe strategic conversations related to these questions. The material for our answers came from our learning from prior years and from additional information provided by our GM. It became clear to us that we had been on the path to answering these questions for some time! It is also worth noting that many of the conversation were "operational" in nature, and this was okay. We were clear that the decisions were delegated to the GM and that our purpose was to build shared understanding through intentional conversations.

Finally, we received word that the material was ready for compliance monitoring, and we moved on to Stage 4.

Stage 4: Growth project policy monitoring

At some point in time, early enough to process the information, the GM will be ready to give a report on compliance with policy. The board shifts to the accountability lane, receives the material, and then focuses on specific decisions related to whether or not the project is in compliance with the policies agreed upon in Stage 2.

Our experience was that we had become so familiar with the material by this point through the FAQ process that the presentation of material was more of a review and update, and the process was fairly painless. The FAQ process helped take out the element of surprise! It also built a deep understanding of the project through the safe conversations. Finally, it built trust and alignment within our board and between our board and GM. Our board voted. We will have a fourth store! And it will be amazing.

Stage 5: Integrated strategic communications

Time to lead by telling the exciting story! The board and GM can build an integrated strategic communications plan about the growth project.

Based on our FAQs, we discussed how to tell the story. Fortunately for our board, management had that in hand. Our board made sure to share thoughts on the importance of the messaging connected to the Ends. We wrote our regular co-op newsletter articles and had a shared presentation with our GM at the owners' meeting. This was the fun part.

At our next retreat, we turn our attention back to the larger picture of the long-term vision of our co-op. If and when our GM again tells us that it is time for the next growth project, we will be ready to head down the road together.

The CSL Growth Roadway process has promise to help boards and GMs work together through growth projects and the inherent tensions that come along with these projects. It can be used up front as a framing device to help launch a successful process, and it can be adjusted as needed while the project moves forward. Ultimately, the emphasis on leaders working together in our unique roles to grow our co-ops can make the cooperative difference. ■