

Co-operative Member Engagement

Martin Price

consultancy.coop

Providing expertise to the Cooperative and Social Enterprise Sector

Types of Co-op Governance

Collective

- Small scale worker co-operatives

Representative

- Larger scale co-operatives

Multi layered Representative

- Large consumer co-operatives

Principles

All member engagement is based around the seven guiding principles

1. Voluntary and open membership
2. Democratic control
3. Member economic participation
4. Autonomy and independence
5. Education, training and information
6. Co-operating with other co-operatives
7. Concern for community

Collective Governance

- All members meet together to make all important decisions
- Can be difficult to achieve with multi-site working
- Established organisations will have built up social capital (formal and informal)
- Over time they will have agreed levels of authority and ways of getting things done
- New groups have not ~ they are vulnerable to the 'Tyranny of Structurelessness'
- Structure needed with agreed delegations for each level of decision-making

After the Set Up Honeymoon

- **Everyone** thought an important task was **Someone's** job
- **Anyone** could have done it but **No-one** did,
- **Someone** got annoyed because it was **Everyone's** job
- **Everyone** thought that **Anyone** should do it
- But **No-one** realised that **Everyone** wouldn't do it
- So – **Everyone** blamed **Someone** because **No-one** actually asked **Anyone** to do it

Things don't get done
The business plateau's
The co-op stagnates

Organisational Design

- Traditional co-operative legal models (eg I&PS, CLGs) impose traditional group dynamics (Board of Directors/representative democracy)
- Danger of a 'coup' at AGM if disagreements not resolved
- Traditional co-operative legal models impose hierarchical democratic relations (AGM, EGM, Elected Board, decisions by ballot not consensus)
- Employment Law requires an employer/employee separation (Employment Law, Discrimination Acts, HASAW, COSHH etc)
- LLPs do not impose a hierarchy, and can be informal in operation
- CLGs *can* be operated collectively by ensuring all members become Directors

Formalised Governance

Bringing organisation to the informal collective

A governance system needs to be based on:-

- **Trust and respect** - established by working together to develop a shared vision of the co-operative's long term goals and methods for achieving those goals
- **Delegation** - decisions should be delegated to the level where they will be implemented. Sub-groups, working parties, departments and individuals should have clear terms of reference

Formalised Governance

- **Autonomy** – then they should be left to get on with it. Don't be looking over their shoulder the whole time telling them how to do it. They have power and responsibility, and will account for their actions at the appropriate time
- **Accountability** – there should be a transparent and public system for regular reporting back. Time-critical tasks perhaps monthly, more long-term policy development quarterly or bi-annually
- **The General Meeting** should not get involved in the day to day management, but like a Board of Directors it must focus on planning and monitoring the overall direction of the business, establishing policies and initiating plans

Representative Governance

- Fits with the legal structures – AGM – Board of Directors - ballots
- Gives clear authority and responsibility to Directors
- Directors have responsibilities and powers
- Directors can co-opt and delegate

Directors' Responsibilities

- Appointed by members/shareholders or Board to act as agents of the company and manage its affairs
- Anyone can become a Director – subject to some exceptions
 - Age
 - Capacity
 - Legal
- Three types of Directors:
 - Non-Executive Director
 - Executive Director
 - Shadow Director - beware

Directors' Responsibilities

- A director is expected to show a level of care, diligence and skill appropriate to their actual knowledge or expertise
- Level of knowledge or expertise should be appropriate for nature of business
- They must be reasonably competent and comply with their fiduciary duties
- They must not allow the company to trade fraudulently, and where the company is in financial difficulties they must not trade wrongfully

Member Engagement

- Short Frequent meetings are Much Better than longer less frequent
- Practice makes perfect (or at least better)
- Failing to take a decision is the same as voting against
- Make the time to talk
- Listen actively
- Seek agreement
- Don't get disheartened – meetings are bl***dy difficult!
- Keep trying and don't blame each other

You need:-

- A chair or facilitator prepared to lead the meeting
- Members prepared to be patient and let the chair lead

Member Engagement

For worker co-ops:-

- Have a Member Job Description thereby unlinking employment and membership. Members have to be employees to be members but the reverse is not compulsory
- All workers must complete a probationary work trial (of between 3 and 6 months) before they are eligible to apply for Membership. You have to be an acceptable worker before you can become a member
- Employees must actively seek membership i.e. apply for it. Those who don't want to, can remain non-members as they wish

Member Engagement

For other co-ops:-

- Have a Member Job Description thereby unlinking trading and/or participation and membership
- Prospective members must actively seek membership i.e. apply for it. Those who don't want to, can remain non-members if they so choose
- Larger co-ops may be multi-layered - need to regionalise or otherwise separate powers
- Budgets and controls can be devolved

Member Engagement

For all co-ops:-

- Regular meetings at pre-agreed times
- Agreed Strategy and Business Plan
- Communication – members cannot participate without information
- Implementation – members will soon drop out if ignored
- Accountability of delegates and elected officers

Conflict – Not a Trivial Issue

- Don't underestimate the power of emotions in a co-op!
- Unresolved un-co-operative behaviour leads to:-
 - Subversion of democracy
 - Poor productivity/performance
 - Inability to innovate or change
 - Poor retention of good workers – high costs
 - Low wages
 - Bad morale

Questions?

Martin Price

029 2051 4034

martin@consultancy.coop