

Power Triggers, Seesaw Battles and Handcar Cooperation

Developing healthy board-general manager working relations

BY ART SHERWOOD

Most would agree that a healthy board-general manager relationship not only makes the co-op run more smoothly, it is a critical connection between member-owners and operations in our democratically controlled organizations.

Yet the health of this working relationship often remains elusive or at least can come under stress. It can “turn on a dime at election time” or when a difficult situation arises. Many things may lead to a downhill slide or a shaking of the relational foundations. This is not at all inevitable. My aim here is to provide insight that will aid in maintaining a healthy board-GM relationship.

In this article, I argue that one important cause of such problems is the accepted view of power by both the board and management as a *seesaw battle* of “Us vs. Them”—rather than *handcar cooperation* where all have the ability to get things done. I will start with a discussion of power triggers and paradigms, followed by a comparison of the seesaw and handcar approaches to power management, and conclude with some thoughts to spark discussion.

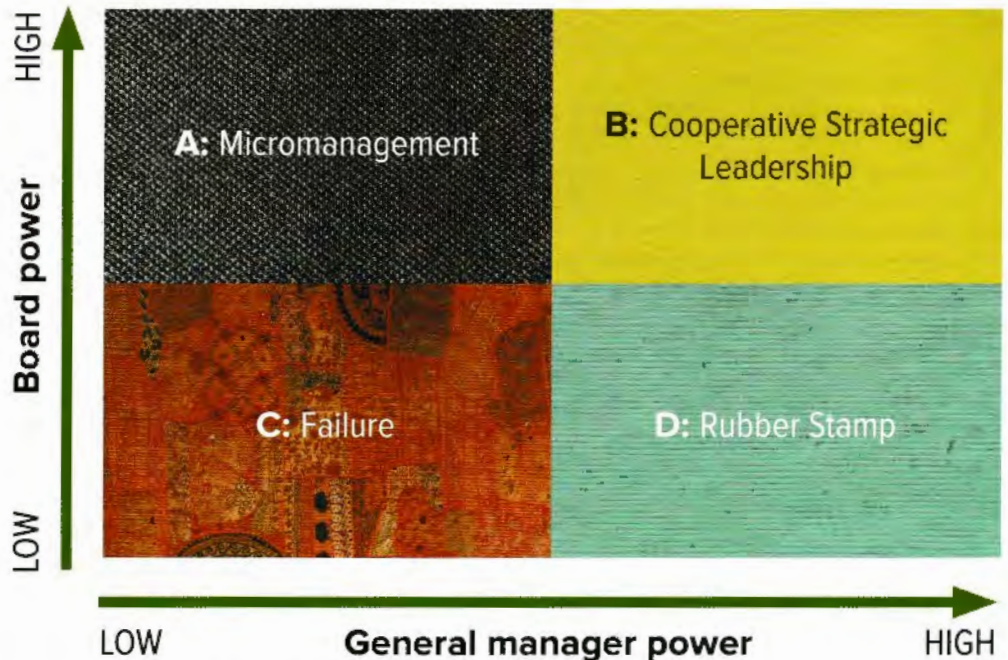
Power paradigms and triggers

Something happens. It might be a poor financial report. Perhaps the board has been approached by a disgruntled member-owner or employee. Maybe a new director with a new agenda has been elected. Or it may simply be that the board senses they should be doing something...anything. These are all “power triggers” that lead to boards powering up to take action.

This alone is neither good nor bad. Rather, it's what's done with this fluctuating power level that matters—and this is likely driven by the paradigm of power held by the board and general manager.

Power. How does that word strike you? For many, it elicits a strong negative reaction: Scary. Abusive. Not to be trusted. And because power can be scary, abusive, and hard to trust, either it should be eliminated totally or, if it is to exist, better for “Us” to have it than “Them.”

The quarant graph above shows different power paradigms for co-op boards and GMs. When neither the GM nor the board has much power (quadrant C), the business is headed for failure. With a micro-managing board (A), the board dominates. Under a



rubber-stamp board (D), the GM dominates. What is the problem with these situations?

The problem is that we need our leaders to make things happen. Holding the perspective that power is “bad” leads to cycling through negative power imbalances between the board and GM. The result is tension, shattered trust, political maneuvering, and poor performance.

An alternate paradigm is that power is the ability to get things done. Defining it in this way immediately sheds light on the problems with quadrants A, C and D. What do we call it if no one has the ability to get things done and no one is empowered: failure. What do we call it if the board has all the power and the GM has none: micro-management at best and operational chaos at worst. And if the board is weak and the GM has the power: a rubber stamp, or some might even say a benevolent dictatorship with no checks.

Because both micromanaging and rubber stamp boards are unbalanced, board-GM relations tend to go through extreme swings, resulting in an unhealthy power cycle and erosion of the relationship. The place to be that makes the most sense is shared strategic leadership (quadrant B), where both board and management are powerful enough

to get things done, albeit different things.

But achieving this is easier said than done.

Power triggers tend to shift board postures.

Below I describe negative postures more fully and show that they focus on the “other” party rather than on the challenge or problem. The board's focus is determined in part by the accepted paradigm of power, as summarized in the chart.

The rest of the article concentrates on boards, but clearly board postures have their counterparts for GMs. It takes both to build a healthy relationship.

Seesaw battles: Us vs. Them

In a seesaw battle, when a power trigger occurs, the focus of the board goes toward the GM's power and how there is an imbalance. Board members believe this is the critical issue that must be addressed and where resources should be expended. And having that focus leads to trouble. Let me illustrate; ask yourself if any of it sounds familiar.

Posture 1: Passive. The board has been accepting monitoring reports for years without question. Perhaps things have been good, and folks remember when the board dinners were not as pleasant and the meetings full of tension. Don't rock the ►



When the balance shifts to quadrant B, the power may still fluctuate, but rather than the seesaw you have a cooperative railroad handcar moving in one direction.



ILLUSTRATION BY RUBY THOMPSON

◀ boat. Enter power trigger #1: an angry owner sends an anonymous letter to the board alleging inappropriate activity. The board grows uneasy that they have been asleep at the wheel. If this is going on, what else aren't we being told?

Posture 2: Passive-Aggressive. The tone in the boardroom is conflicted. More information is being asked for, data is questioned. The GM asks, why would you want that? The board in turn wonders why the GM would ask us why we would want that? Board members begin to look at the GM with suspicion (and vice versa) but don't really know what to do and start to fear they have not been doing their job. Angry grumbles come out, along with uncertainty.

Posture 3: Aggressive. The board election takes place, and a firebrand gets elected who knows disgruntled member-owners. Enter power trigger #2: there will be change—the board is in charge and the GM will listen! This

firebrand convinces others that this power relationship has to flip in their favor. It should be this way because aren't we the trustees and supposed to be on top of all the activities of the co-op? Special meetings are called, and lots of executive sessions. The offensive to wrestle power from the GM has begun. The GM notices and counters with defense. Political maneuvering, information withholding, lawyer calling, and trust erosion occur on both sides.

Posture 4a and 4b: Infighting or Super Cops. The board may go one of two directions. One, factions may form, with some taking the GM's side. This then results in the board turning on itself, creating battles for internal board power. Two, the board unites against the GM and builds in new policy, inspections, and connections to staff to get what they feel they need to control the GM. Special oversight committees are formed to audit and inspect. The war is on, and the co-op is taking all the collateral damage.

Either the GM will exit when he or she has had enough, the board will exit when it has had enough (or gets scared enough that they will be in legal trouble from being asleep at the wheel or from the legal action on the part of the GM), or some combination of these will happen. The co-op's reputation as a great place to work is severely damaged, resulting in difficulty recruiting board members and general managers. Interestingly, after it is done, the board often says, "Never again!" and goes back to a passive posture to keep the peace—or continues as super cops and watches as GMs come and go like the seasons.

Although this summary may sound extreme, all the components are taken from a combination of real cases from food cooperatives. And while I have concentrated on the board's postures and actions, GMs have the potential to contribute their fair share to the dysfunction by sidelining the board (feed them, pat them on the head, and keep them in the dark) or playing board members against one another.

A healthier alternative

In most cases, we are dealing with good people trying to do a good job. The problem here is less that the people are bad and more that there is the continued acceptance of the seesaw paradigm of power by leaders who think that it must be Us vs. Them.

What to do? The solution is to get into quadrant B, where both the GM and board of directors are powerful enough to get their jobs done. The power may still fluctuate, but rather than the seesaw you have a cooperative railroad handcar moving in one direction. This happens because when there is a power trigger, the focus goes on the challenge or problem rather than the power of the other party. Powering up is done with the intent to make wise decisions and solve the problem—requiring each party to exercise the power needed. Power building is a part of a successful process rather than the aim.

I call quadrant B "Cooperative Strategic Leadership," which involves several elements that will be more fully discussed in a future article. For now, we will focus on critical answers to this foundational question: What is needed for both the board and the GM to each have power and, therefore, the ability to get their own things done? ▶

Harvest your co-op to co-op relationships.



Join NCBA, the only national cross-sector cooperative organization, and leverage your co-op to co-op marketing capabilities. For more information, visit us at www.ncba.coop or call us at 202-638-6222.

NCBA
National Cooperative Business Association ■ www.ncba.coop

If you're ready to take the next step in your future, visit www.cdsconsulting.coop to see how we can work with you to spiral upward.

CDS Consulting Co-op



SOLUTIONS FOR COOPERATIVES

THE CDS CONSULTANTS

Marilyn Scholl

CDS Consulting Co-op Manager
(802) 387-6013
MarilynScholl@cdsconsulting.coop
• Board Leadership Development
• Cooperative Development



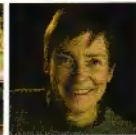
Marilyn



Tami



Mel



Carolee



Bill



Mark G.

Tami Bauers

(612) 275-5089
TamiBauers@cdsconsulting.coop
• Member Capitalization, Staff Training



Michael



P.J.



Nina



Thane



Joel



Bentley

Mel Braverman

(608) 243-3255
MelBraverman@cdsconsultingcoop
• Operational and Financial Improvement



Mark M.



Art



Debbie



Kate



Walden



Todd

Carolee Colter

(250) 505-5166
CaroleeColter@cdsconsulting.coop
• Employee Surveys
• Human Resources Systems, Tools and Training

Bill Gessner

(612) 823-4509
BillGessner@cdsconsulting.coop
• Expansion Planning
• Business Development

Mark Goehring

(802) 380-3824
MarkGoehring@cdsconsulting.coop
• Board Leadership Development

Michael Healy

(802) 864-9724
MichaelHealy@cdsconsulting.coop
• Board Leadership Development

P.J. Hoffman

(763) 780-1058 ext. 62128
PJHoffman@cdsconsulting.coop
• Store Planning and Design

Nina Johnson

(651) 308-8663
NinaJohnson@cdsconsulting.coop
• Board Leadership Development

Thane Joyal

(315) 380-4522
ThaneJoyal@cdsconsulting.coop
• Board Leadership Development

Joel Kopischke

(414) 803-6725
JoelKopischke@cdsconsulting.coop
• Board Leadership Development

Bentley Lein

(608) 784-0249
BentleyLein@cdsconsulting.coop
• Board Leadership Development

Mark Mulcahy

(707) 495-2168
MarkMulcahy@cdsconsulting.coop
• Produce Consulting
• Management Training

Art Sherwood

(812) 361-5816
ArtSherwood@cdsconsulting.coop
• Board Leadership Development

Debbie Suassuna

(925) 833-8524
DebbieSuassuna@cdsconsulting.coop
• Market/Location Analysis
• Real Estate/Expansion Analysis
• Consumer Research

Kate Sumberg

(919) 968-8799
KateSumberg@cdsconsulting.coop
• CoCoFiSt and CoCoFiSt Workshops

Walden Swanson

(919) 968-8799
WaldenSwanson@cdsconsulting.coop
• CoCoFiSt and CoCoFiSt Workshops

Todd Wallace

(503) 307-8797
ToddWallace@cdsconsulting.coop
• Board Leadership Development

CDS Consulting Co-op
welcomes feedback.

Go to www.cdsconsulting.coop/feedback