

## Co-operative governance challenges

It is worth the time and trouble to design a governance system carefully. The responsibilities of various groups in the organization (such as the membership, the board, management, and special committees and task forces) should be specifically spelled out, and it should be clear to all which person or group is to deal with which issues. Failure to clarify such matters early invites confusion and misunderstanding later on, when “hot” issues come up. Indeed, in coops where there is no well-constructed and well-understood governance system, it is common to observe:

- Managers making policy decisions on their own, because neither the board nor the membership has the power and the means to direct management behaviour.
- Managers who are hamstrung by boards of directors or members who overrule them (or rebel against their decisions) rather than guide them with clear policies and objectives.
- Co-ops plagued with conflict in trying to decide a controversial matter because no clear decision-making procedures have been established.

Avoid the “Twin Trap of Powerlessness,” sometimes seen in democratic organizations:

So much structure and bureaucratic procedure that members cannot actually use the power they formally have

**VS**

So little structure that there is no available means to make a difference.

Source: Northcountry Cooperative Foundation, *In Good Company: A Guide to Cooperative Employee Ownership* (Minneapolis: Northcountry Cooperative Foundation, 2006) p. 22.

