

Good Reporting: Helping boards understand workplace conditions

BY MICHAEL HEALY

Co-ops bring to life their member-owners' common values, and for most co-ops these include a desire for the co-op to be a great workplace. In the event that your co-op's board of directors hears employees assert that something is amiss in the workplace, how will the board react?

One end of the range of options often involves the board saying something along the lines of, "That's not our responsibility" or, "We can't talk about personnel issues." The other end often involves the board diving headfirst into the fray, trying to mediate grievances or taking sides in a disagreement between manager and employee.

Several co-ops have found themselves in the midst of very public tumult in the past year, in part because their boards operated close to one end of that spectrum or the other. Member-owners rightfully expect their board to be in a leadership position. The bylaws clearly delegate leadership responsibility to the board, so the response that "It's operational, not a board responsibility," makes people question the board's leadership. And while people generally understand legal limitations on talking publicly about personnel issues, member-owners of a democratically controlled cooperative rightfully expect openness and transparency from their board. Rigidly tight-lipped responses to questions from staff or member-owners exacerbate the anger and frustration already at play.

Somewhere in the middle of the range of options, boards will find that there are tools and systems that can help them safely and sanely navigate these tumultuous waters. This middle path requires that the board proactively take responsibility for ensuring that employees are treated well and paid fairly for the work they do on our behalf. But we still know that no workplace is perfect for everyone; complaints will come.

What will your board do to be ready? Rather than wait until someone complains, a board can create a proactive approach to workplace issues. A key ingredient for success is a particular kind and quality of information. Having this information always up to date and at the ready helps everyone: member-owners, board, management, employees, and the broader community.

What kind of information matters?

When it comes to matters that can become as emotionally fraught as employee grievances and complaints, the most powerful information is *evidence* the board has about workplace conditions. The evidence that seems to have the greatest influence on the board's judgment about what is actually happening includes three primary categories: trusted, objective

surveys measuring employees' perceptions of their jobs and workplace conditions; comparative wage data; and professional assessments of human resources (HR) systems and employment practices.

When one employee has a concern or complaint, how does a board know whether the issue is specific to that person or there are bigger issues within the organization? Employee surveys are one of the most powerful and useful sources of evidence that help answer this question. Properly executed surveys can provide an overview of how employees as a group perceive their workplace and their jobs. Surveys can include questions about fair treatment, wages, job satisfaction, discrimination, discipline, safety, advancement opportunity, and more. One (or a few) employees' claim of widespread dissatisfaction or mistreatment can be weighed against the survey results. If the survey indicates general satisfaction, the issue is most likely specific to the employee(s) in question.

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Surveys by an objective third party, rather than those that are conducted by the co-op's management, are more likely to be seen as trustworthy when employees, members, or directors are questioning management decisions and practices. Additionally, the same survey conducted

every few years can show trends, providing evidence about whether co-op employees are becoming more or less satisfied with their workplace. Such trend information offers the added benefit of helping the general manager (GM) identify and address concerns before they become crises—and helping the board know whether or not the GM is doing that important work. Further, surveys that show comparative data from other co-ops can tell the board a lot about whether or not concern is warranted.

Before being faced with questions about employee compensation, the board should already have at hand information about the co-op's wages and benefits. Along with clear documentation of internal practices and wage scales, the board should have evidence about how the co-op's compensation compares to some objective benchmark. If your co-op aspires to pay livable wages, then the benchmark is an agreed-upon, objective definition of livable wage; if your co-op aspires to pay competitive wages, then the benchmark is data about wages and benefits for similar jobs in your community or market. An earlier *Cooperative Grocer* article, "Context Matters," stressed the importance of comparing your co-op's financial data to objective and agreed-upon benchmarks; this is equally true when talking about your co-op's compensation practices.

Along with evidence of staff perceptions of their workplace and evidence of how compensation compares to objective benchmarks, a co-op should periodically have an HR audit conducted by a trained, >

outside professional. A full audit can assess all the co-op's human resources functions: personnel policies, hiring, orientation and training, performance evaluation, compensation, corrective action, safety, recordkeeping, and more.

Typically, full audits are conducted at wide intervals (e.g., five or more years); an audit that assesses the quality of documentation of personnel decisions and security and retention of records can be conducted more frequently. The board should review the results of these audits to help ensure that the board understands how the workplace itself is functioning. The information from an HR systems audit, along with the information from an employee survey. Together, they show what is actually happening "on the ground."

How can a board make sure that they regularly review this sort of evidence? It's much harder to start gathering the information after a controversy arises, so the board needs to have a system in place that ensures they always have up-to-date and relevant data. The most effective way to accomplish this is to begin with a clear policy expectation about staff treatment and compensation. Then the board delegates

responsibility for carrying out policy to the GM and regularly checks to see if the actual work conditions meet the board's expectations.

What does a robust system look like?

If your board has a robust and clear system in place for checking, then you will also have the information you will need when inevitably you hear that an employee is dissatisfied. Such a system can help boards and individual directors respond appropriately, whether to employees, member-owners, or others in the community who raise questions or express concerns.

First, the board's policy itself will clearly state the board's values and expectations. These may include expectations about staff treatment, workplace conditions, personnel policies and compensation. All other work flows from this document, so it's important that it's in good shape. The CDS Consulting Co-op Library includes a Policy Register Template that has an example of this type of policy.

Second, the board must have a sound process in place for reviewing all policy monitoring reports. A good monitoring report will include much more than a statement of compliance; it will include data that conclusively shows how

and why the co-op is meeting expectations. For policies about staff treatment in particular, objective data is much more useful than opinions. If someone has already decided that the manager or the co-op is wrong, all the data in the world may not change their mind; but for the much larger group of people who want to know what is actually happening, objective data will help them place complaints and accusations in a larger context. The CDS CC Library includes a sample monitoring report that provides an example of how this sort of information can be presented clearly and concisely.

Having good policy and good monitoring reports is necessary but may not always be sufficient. The board and management may want to take time periodically to talk more deeply about what they know about the co-op as a workplace and as an employer. These safe, strategic conversations help ensure that all directors, even those who have recently joined the board, have a full understanding of how their business functions.

What happens when a board hears concerns?

Well before the board or any individual director hears concerns about staff treatment or wages,

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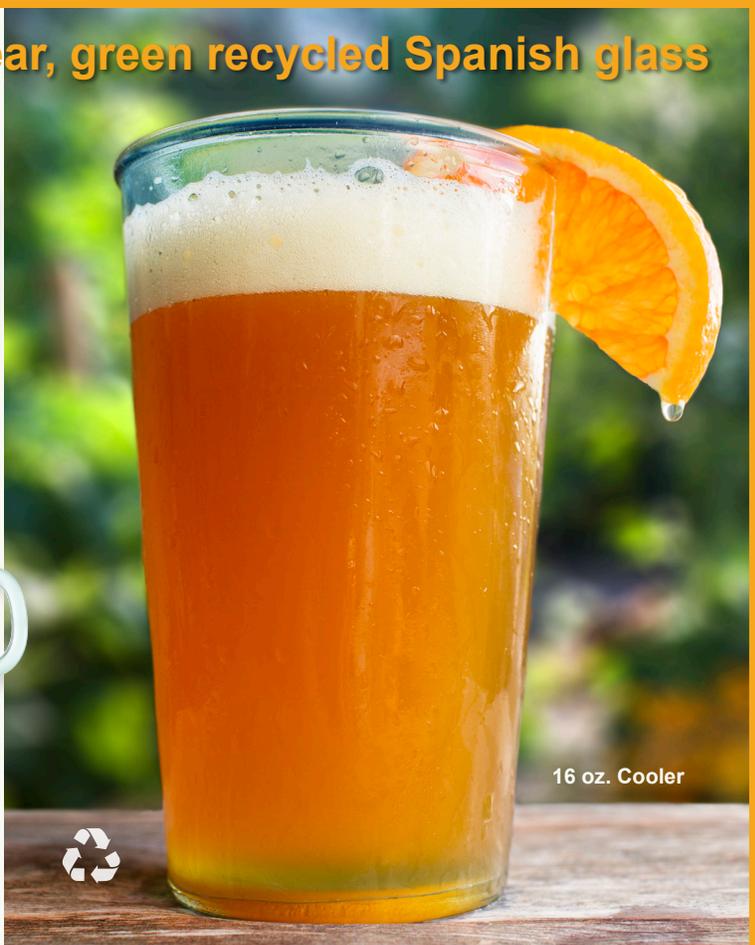
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the board's policy combined with the GM's monitoring report should have provided important evidence: you should already know that the co-op has fair employment practices and an effective grievance process in place. With this in mind, a respectful response might be something like, "Yes, the board cares very much about how employees are treated. That's why we've made sure the co-op has an effective grievance process in place. Please use that process to address your concerns." Beyond this initial response, directors may want to follow the guidelines outlined in the earlier *Cooperative Grocer* article "Complaints and Operational Concerns."

Although fortunately a rare occurrence, an employee may bring concerns about illegal management activity; the board would understandably have a different sort of response to this sort of "whistleblower" information. The intent of this article is to highlight good policy and reporting practices that help boards deal with more typical concerns. Nothing here should be taken as license to minimize or discount an employee's concerns. But a dissatisfied employee or small group of employees may not signify something inherently wrong with management practices or workplace conditions.

Two possible scenarios

One co-op board receives an angry letter from a longtime employee. The letter and the concerns quickly become a very public conversation. While the board has been regularly monitoring policy, they suddenly realize that the reports contain no evidence that might provide counterweight to the stated concerns. Directors individually start engaging in that public conversation about the co-op's employment practices. Members, employees and others in the community begin taking sides. The crisis escalates, and it takes months for the board to do the research and gather the information they need to understand what is happening and unravel the mess.

Another co-op board receives an angry letter from a longtime employee. The letter and the concerns quickly become a very public conversation. Because the board has recently reviewed a staff survey and an HR audit in the context of monitoring their staff treatment policy, this board is able to understand that the issue is isolated to one individual. While they care about that person, they decide that their primary role is to support the GM through a difficult situation and to communicate to the co-op membership what they know about the co-op's employment

practices. The board may have to say that they can't comment on the specifics of this particular personnel issue; but they can go on to share evidence of overall staff perceptions of the workplace, evidence about the co-op's wages and benefits, and evidence gathered from a professional HR audit.

Don't wait. Begin now.

In the above examples, which board is providing effective leadership for their co-op? Which co-op serves its community more effectively?

Boards must make sure both that the co-op is a great employer and that the co-op is ready to respond if and when issues arise. Begin by articulating the member-owners' values about the type of employer the co-op should be. Regularly review objective evidence about whether the co-op is living up to those values. Make sure that the board and the co-op regularly communicate to employees and member-owners about this important topic.

Our communities need great employers. Our co-ops need boards that know whether and how the co-op is achieving this goal. □

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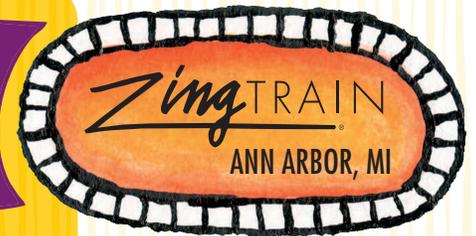
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