Democracy at Work Institute
New Member Orientations

Communication

Accountability

Governance

Finance

Democracy at Work Institute
New Member Orientations

Communication

	Min	Topic
1	10	Criticism and conflict
2	10	Meetings
3	10	Transparency
4	10	Are customers always right?

On the agenda

Criticism and conflict

Is this good advice?

Criticize others in the same way you would like them to criticize you.

Get other people's perspectives on a conflict before giving criticism.

Before giving criticism make the person feel safe and valued.

Take some time before giving criticism. Sleep on it.

How do they prefer to hear it?

Can I be specific enough to help them take action?

Can I connect my desire to our common goals?

Can I avoid easy ways to disregard me?

How can I prepare to give criticism?

Have each member fill out a conflict resolution profile.

Adopt the most common choices as ground rules for all.

Conflict resolution profile for Johnny

"It is most important to me in a conflict that I...

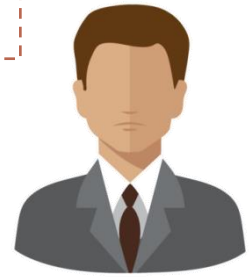
- [x] Talk in person
- [ ] Not be interrupted
- [x] Not be touched
- [x] Have adequate time
- [ ] Not talk as soon as I arrive at work
- [ ] Not try to lighten the mood with jokes

Meetings

Worker cooperatives will have meetings.

Tell a story of a meeting you were at that well or badly.

How many positive stories were told?



Is a meeting really needed?

What is the purpose and the outcome we want?

Who needs to be there? What do they need to know?

Is the timing right?

How can I prepare to hold a good meeting?

Meetings should have assigned roles.

Facilitator

	Min	Topic
1	5	Financial report
2	5	New equipment
3	5	New member vote

Note-taker

1/1/2016
Attending: You , me, Bob
Sales are steady
We agreed to replace the broken machine
Bob was voted in

Time-keeper

Facilitator

	Min	Topic
1	5	Financial report
2	5	New equipment
3	5	New member vote

What does the facilitator do?

- Creates the environment
- Encourages participation
- Helps decision-making
- *Not the chairman*
- *Not in a race*

Note-taker

1/1/2016
Attending: You , me, Bob
Sales are steady
We agreed to replace the broken machine
Bob was voted in

What does the note-taker do?

- Records Tasks
- Records Agreements
- Records Votes
- *Makes it easy to read later*
- *Not writing a novel*

Time-keeper

What does the Time-keeper do?

- Reminds group when time is almost used up
- Offers a helpful deadline for a decision
- *Helps meeting end on time*

Meeting agenda for 1/1/2016

	Min	Topic	Who	Outcome
Warm up	5	Opening items		
	5	Task list review		
Challenge	5	Financial report	Delifina	Discuss
	5	New equipment	Bob	Decide
	5	New member vote	Ember	Vote
Next steps	5	Review of tasks and agreements		
	5	Closing items		

Worker Cooperative

Meeting notes for 1/1/2016

Financial report

TASK: Bob will talk to vendor about price increase

New equipment

AGREEMENT: The group agreed to spend $500

New member vote

Bob's membership vote was 10 Yes, 1 No

AGREEMENT: Bob is accepted as a member

How can we set guidelines for participation?

Have the facilitator reinforce community agreements

Facilitator

Community Agreements

- One person speaks at a time
- Be curious and creative
- No one knows everything
- Encourage those who don't talk much to speak up, and those who talk a lot to say less
- We can’t be articulate all the time
- Be aware of time

Transparency

What information needs to flow through the cooperative?

What is our mission?

How are we doing financially?

What are customers saying?

What is expected of us?

Who has been hired and fired?

What is happening in our industry?

Work schedules don't make time for meeting

Differences in computer literacy

Perceived as too expensive

No one has the job of helping members communicate

What barriers can block organizational communication?

Discussion

Discussion

Is customer service different in a worker cooperative because you are the owner?

The customer is always right!

I won't be bossed around!

Democracy at Work Institute
New Member Orientations

Accountability

	Min	Topic
1	10	Are cooperatives different?
2	10	Performance evaluations
3	10	Getting things done
4	10	What would you do?

On the agenda

Are cooperatives different?

Why is no one taking action on our AGREEMENT?

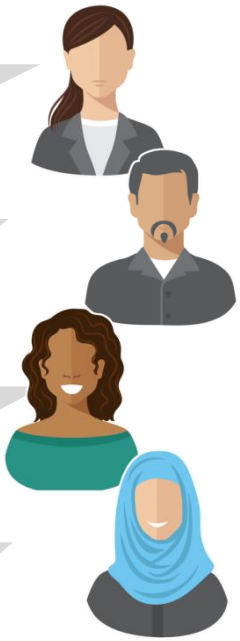
Who is accountable?

What was it again?

Someone else will do it.

Whatever!

I really wanted too, but...



Is accountability different in worker cooperatives?

I share the risks and rewards

I have a voice in the business

I am an equal member

Does that mean no one can tell me what to do?

Performance evaluations

Start with general questions

How do we evaluate performance

Performance Evaluation

General: does this person

1. Pursue the mission and values?
2. Fulfill member responsibilities?
3. Adhere to the code of conduct?

Comments?

Then evaluate their work

How do we evaluate performance

Performance Evaluation

Job: does this person

1. Do their job?
2. Have high quality?
3. Have good work habits?

Comments?

Then evaluate their cooperation

How do we evaluate performance

Performance Evaluation

Cooperative: does this person

1. Communicate well
2. Participate in meetings
3. Address conflicts

Comments?

A simpler form will get more responses

Front

General

1. Mission
2. Responsibilities
3. Conduct

Job

1. Results
2. Quality
3. Habits

Back

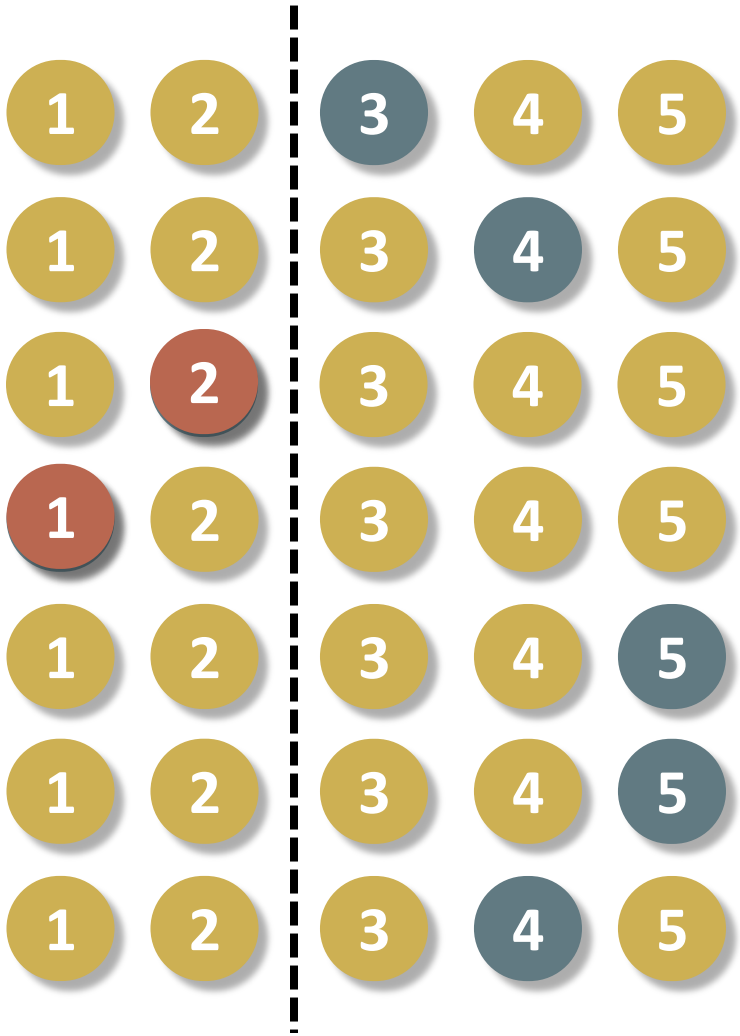
Cooperative

1. Communication
2. Participation
3. Conflicts

Other comments?

Have a known standard

What is "low" performance?



Getting things done

We should take action.

AGREED!

6 months later...

Did we ever do that?

Meeting agenda for 1/1/2016

Min	Topic	Who	Outcome
5	Opening items		
5	Task list review		
5	Financial report	Delifina	Discuss
5	New equipment	Bob	Decide
5	New member vote	Ember	Vote
5	Review of tasks and agreements		
5	Closing items		

Task list

What	Who	By when
Replace the tool	Bob	2/1
Research competitor	Ember	3/1

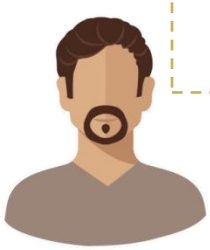
Do a quick review to make sure tasks are not forgotten

Is this done?
Do we need to talk about it?

Discussion

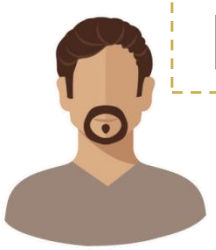
Discussion

What would you do to pursue accountability?



My supervisor drank a few beers at lunch and then drove to his next client.

Discussion

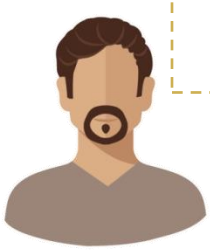


What would you do to pursue accountability?

Everyone agreed with my great idea on how to improve things, but nothing has changed.

Discussion

What would you do to pursue accountability?



I work harder and care more about our success than a co-worker, but don't get any benefit.

Democracy at Work Institute
New Member Orientations

Governance

	Min	Topic
1	10	Governance
2	10	Strategy
3	10	Board and management
4	10	Who decides?

On the agenda

What is governance?

What is **not** governance?

Operations
The day to day activities of the business

Management
Organizing business activities
Implementing strategies and policies
Supporting employees to do their jobs

The machine broke down.

Let's offer that customer a discount.

Bob is late to work again.

What **is** governance?

- **Mission and Vision**
  Setting your purpose
  Evaluating whether you are achieving it
- **Strategy and Structure**
  Setting overall strategy
  Defining management structures
  Drawing a clear line between groups

We'll change the world.

We'll create a general plan and policies.

We'll pick the leadership to pursue this.

What do we need and desire?

What is our strategy to get there?

How can we measure our success?

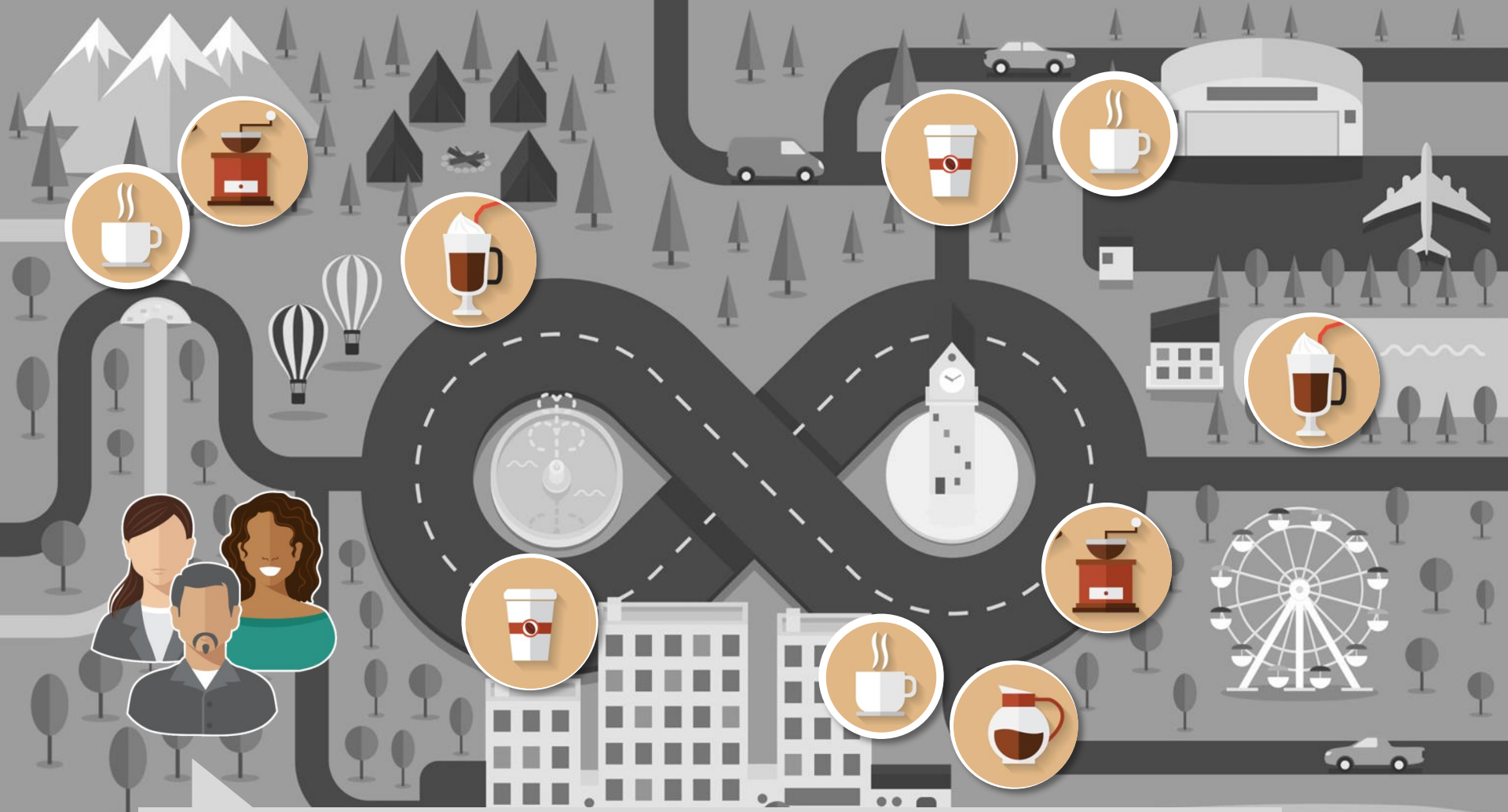
What organizational form is best for us?

What should our board focus on?

What is strategy?

We have a great idea

We have a great idea
that will have to survive in the real world



We have a great idea
that will have to survive in the real world
in a competitive industry

We have a strategy:

- A plan for survival
- Someone to execute the plan

Board and management

Why do cooperatives need governance?

Implement our strategy!

Do your jobs!

Pursue our needs and desires!

Governance supports democracy.

Management can be centralized...

empower

2 executives

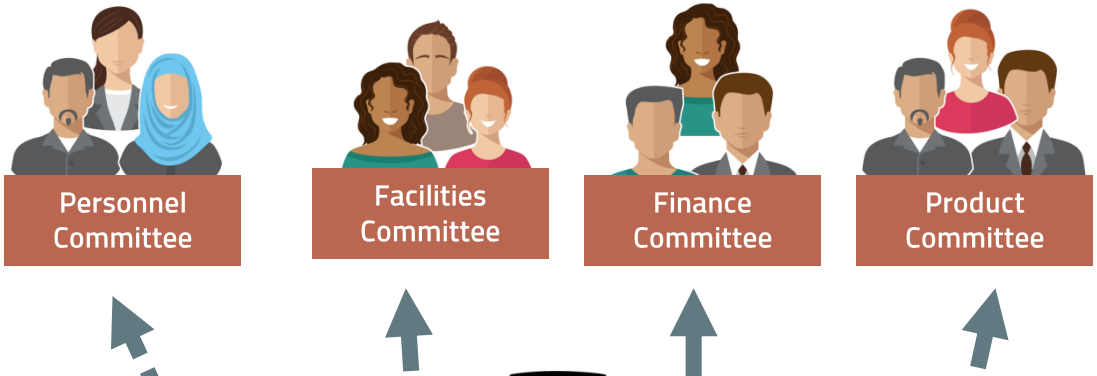
manage

elect

9 board members (6 members, 3 outside)

125 worker-owners

Or management can be decentralized



empower

manage

elect

When should we delegate authority?

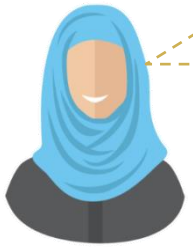
When you want to spend less time decision-making

When a smaller group has specialized skills

When a smaller group has greater industry knowledge

When you want to prioritize other things

Who decides?



How do we know if the board should consult the full membership of the cooperative?

Test for **significance**

Does the matter

- Affect the likely survival of the co-op?
- Affect policies for hiring or terminating members?
- Affect the basic character of the cooperative?

Yes? Consult the members.

No? Let the board decide.

How do we know if management should consult the board?

Test for **extensiveness**

Does the matter

- Affect a large number of co-op members?
- Commit a substantial portion of the financial resources?
- Affect operations over a long period of time?

Yes? Consult the board.

No? Let management decide.

Discussion

Discussion

Who should decide each of these?

	Members	Board	Management
Electing the board	○	○	○
Hiring management	○	○	○
New products	○	○	○
New location	○	○	○
Selling the company	○	○	○
Success measurements	○	○	○

Democracy at Work Institute
New Member Orientations

Finance

	Min	Topic
1	10	Financial statements
2	10	Patronage
3	10	What story do numbers tell?
4	10	Should we buy that equipment?

On the agenda

Financial statements

Understanding financial statements is like reading a recipe.

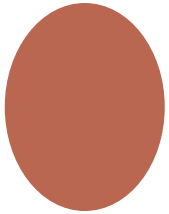
1 Cup milk

44%

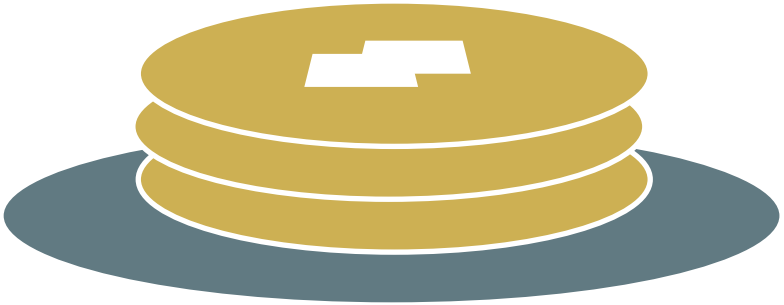
1 Cup flour

44%

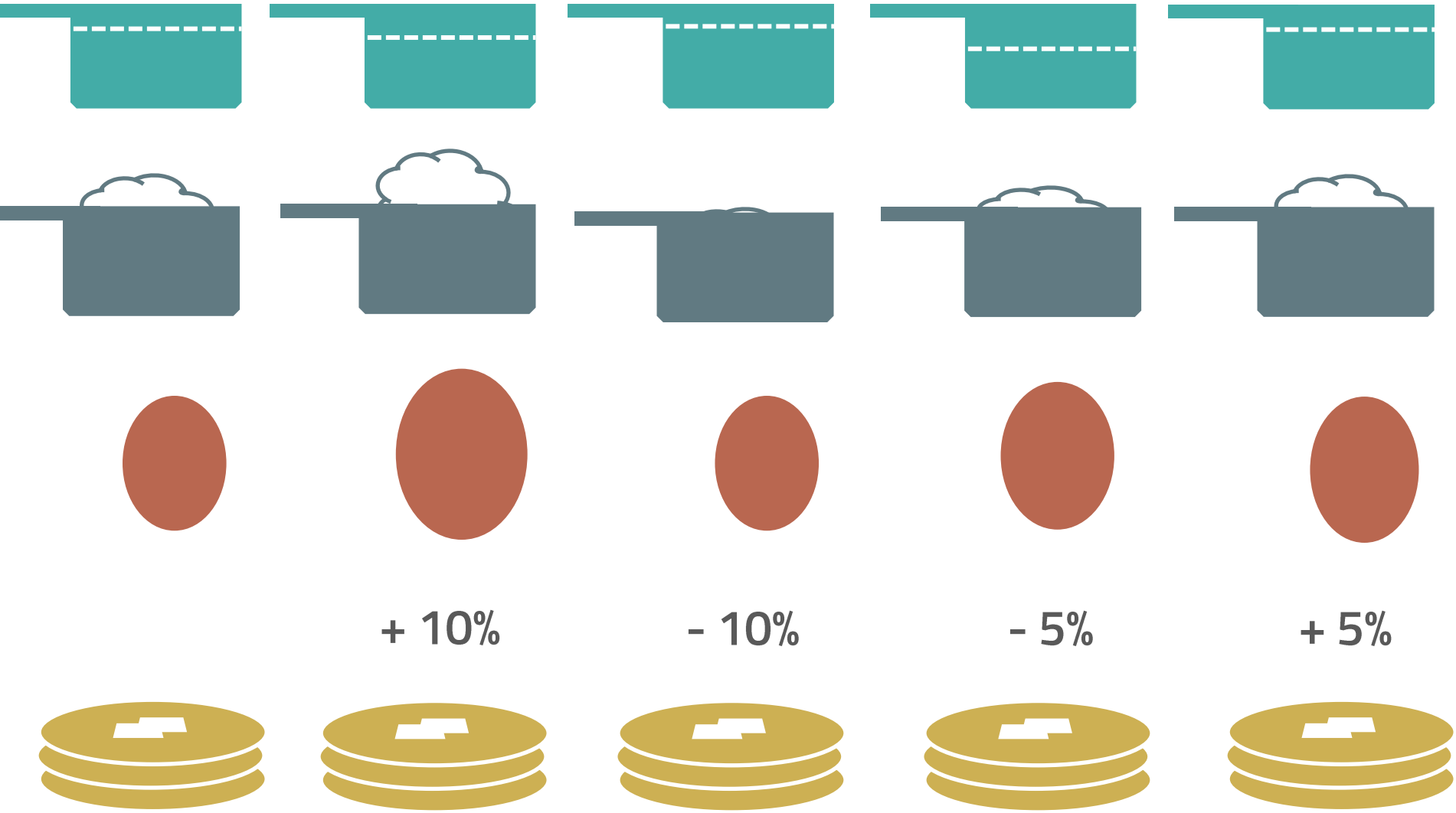
1 egg



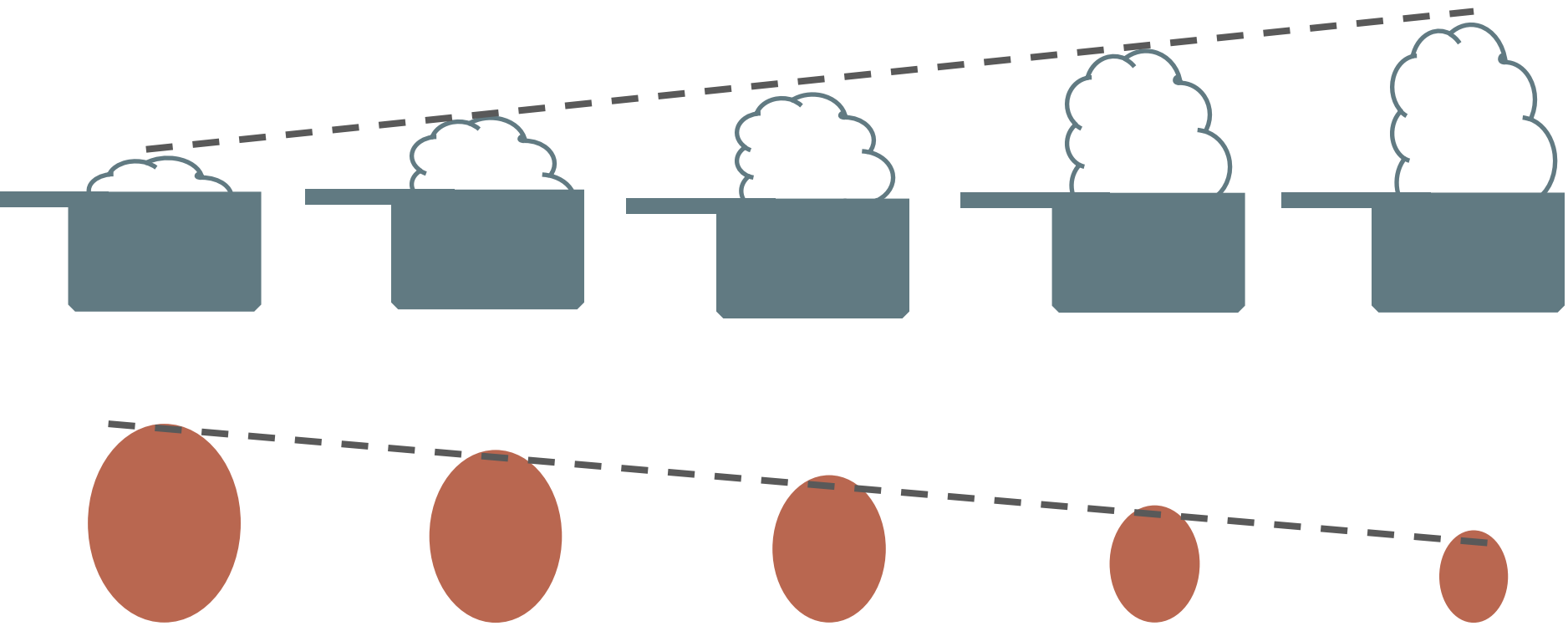
11%



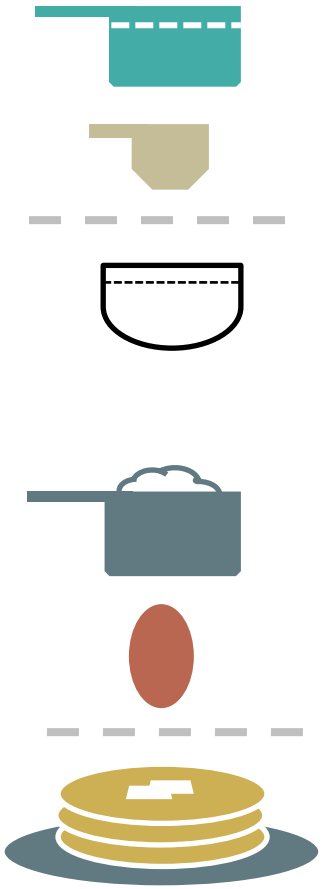
Every batch comes out a little differently.



If there are trends, you have to ask why.



Every business has a recipe for profit.



Income	100%
Cost of Goods Sold	60%
Gross Profit	40%
Labor	20%
Expenses	15%
Net Income	5%

That recipe is seen in the **Profit and Loss Statement.**

Income	$100	100%
Cost of Goods Sold	$60	60%
Gross Profit	$40	40%
Labor	$20	20%
Expenses	$15	15%
Net Income	$5	5%

How much of every dollar we earn should go to labor? To profit?

Every company should have their own recipe.

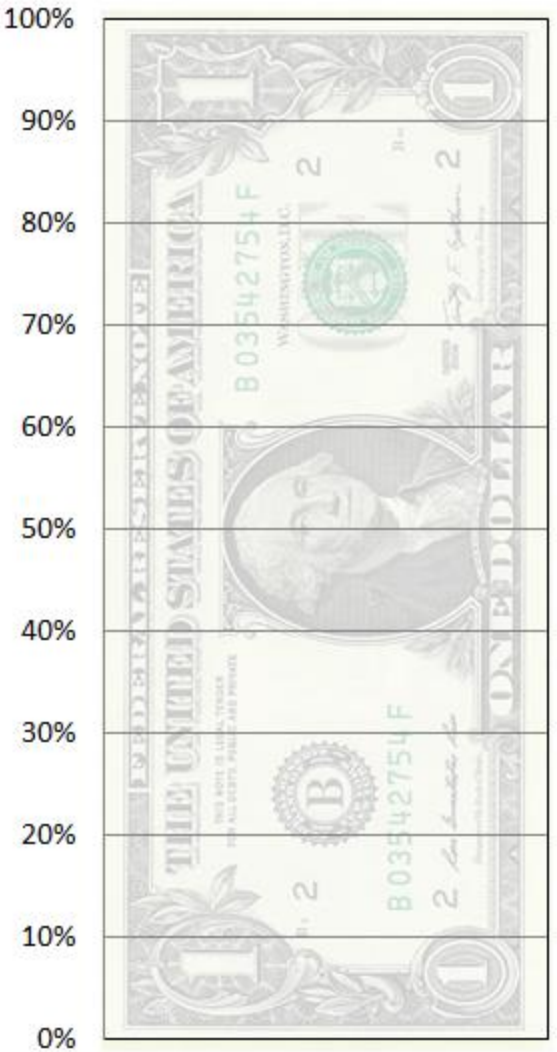
Discounts given

Cost of Goods Sold

Labor costs

Expenses

Profit



A **grocery** might have higher Cost of Goods Sold and slim Profit.

Discounts given

Cost of Goods Sold

Labor costs

Expenses

Profit

A **bakery** might have higher Labor costs and more Profit.

Discounts given

Cost of Goods Sold

Labor costs

Expenses

Profit

What is your recipe?

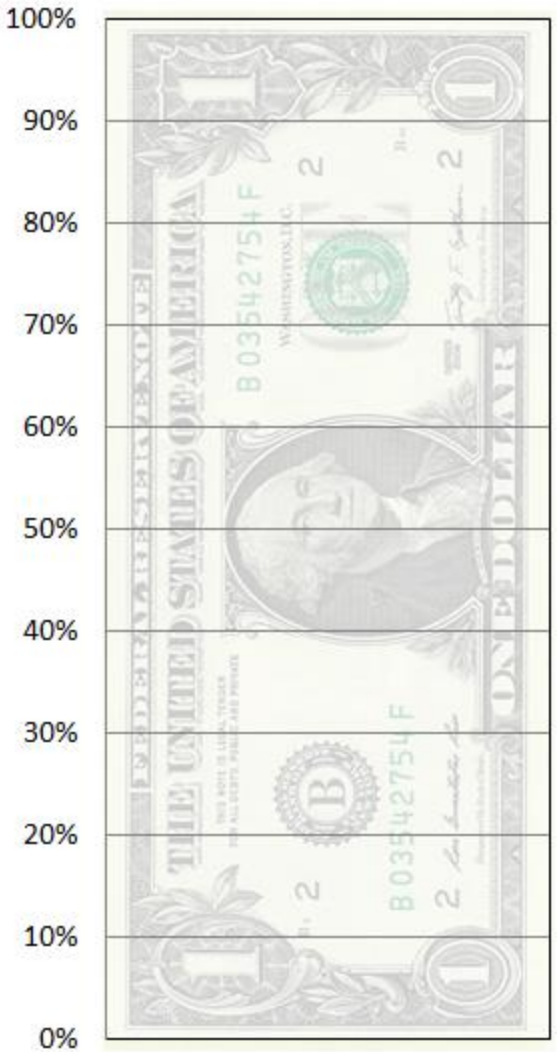
Discounts given

Cost of Goods Sold

Labor costs

Expenses

Profit



Every batch comes out a little differently.

	1Q	2Q	3Q	4Q
Income	100%	100%	100%	100%
Cost of Goods Sold	60%	70%	60%	60%
Gross Profit	40%	30%	40%	40%
Labor	20%	20%	25%	20%
Expenses	15%	15%	15%	5%
Net Income	5%	-5%	0%	15%

If there are trends, you have to ask why.

	1Q	2Q	3Q	4Q
Income	100%	100%	100%	100%
Cost of Goods Sold	60%	60%	60%	60%
Gross Profit	40%	40%	40%	40%
Labor	20%	25%	30%	40%
Expenses	15%	15%	15%	15%
Net Income	5%	0%	-5%	-10%

Patronage

If net income is generated by **employees** it is **profit.**

members

employees

If net income is generated by **members** it is **surplus.**

Surplus can be refunded as **patronage.**

For example...

4 members

1 employee

Income	$1000
Labor	$500
Expenses	$400
Net Income	$100

A simplified breakdown

4 members

$80
Member
Generated
(Surplus)

1 employee

$20
Employee
Generated
(Profit)

Net Income $100

You could refund all the surplus in cash

$80 Surplus

$20 Profit

$100 Net Income

You could retain some collectively

$15 $15 $15 $15

$60 Patronage

$80 Surplus

$20 Reserve

$20 Profit

$100 Net Income

You could retain some individually

$10 $10 $10 $10

$5 $5 $5 $5

$40 now → $20 later

$60 Patronage → $20 Reserve

$80 Surplus → $20 Profit

$100 Net Income

What decisions does a cooperative need to make regarding patronage?

How much should be retained collectively?

How do we calculate what each member earned?

How much should be retained individually?

What is the schedule for those retains to be paid out?

What story do numbers tell?

Tell the story graphically

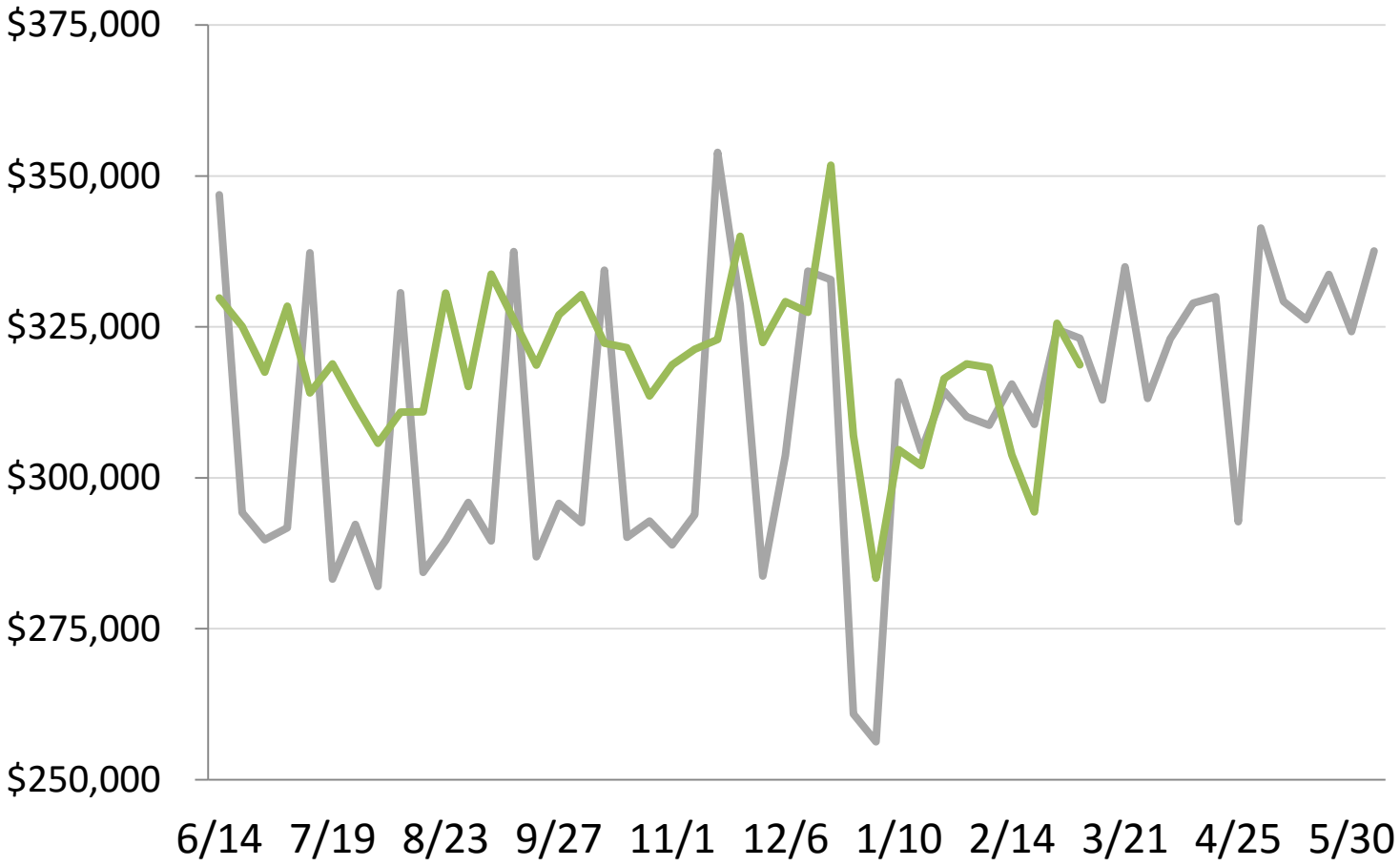
Compare to last year, or to the budget

Measure people, not just dollars

How can I help members read the finances?

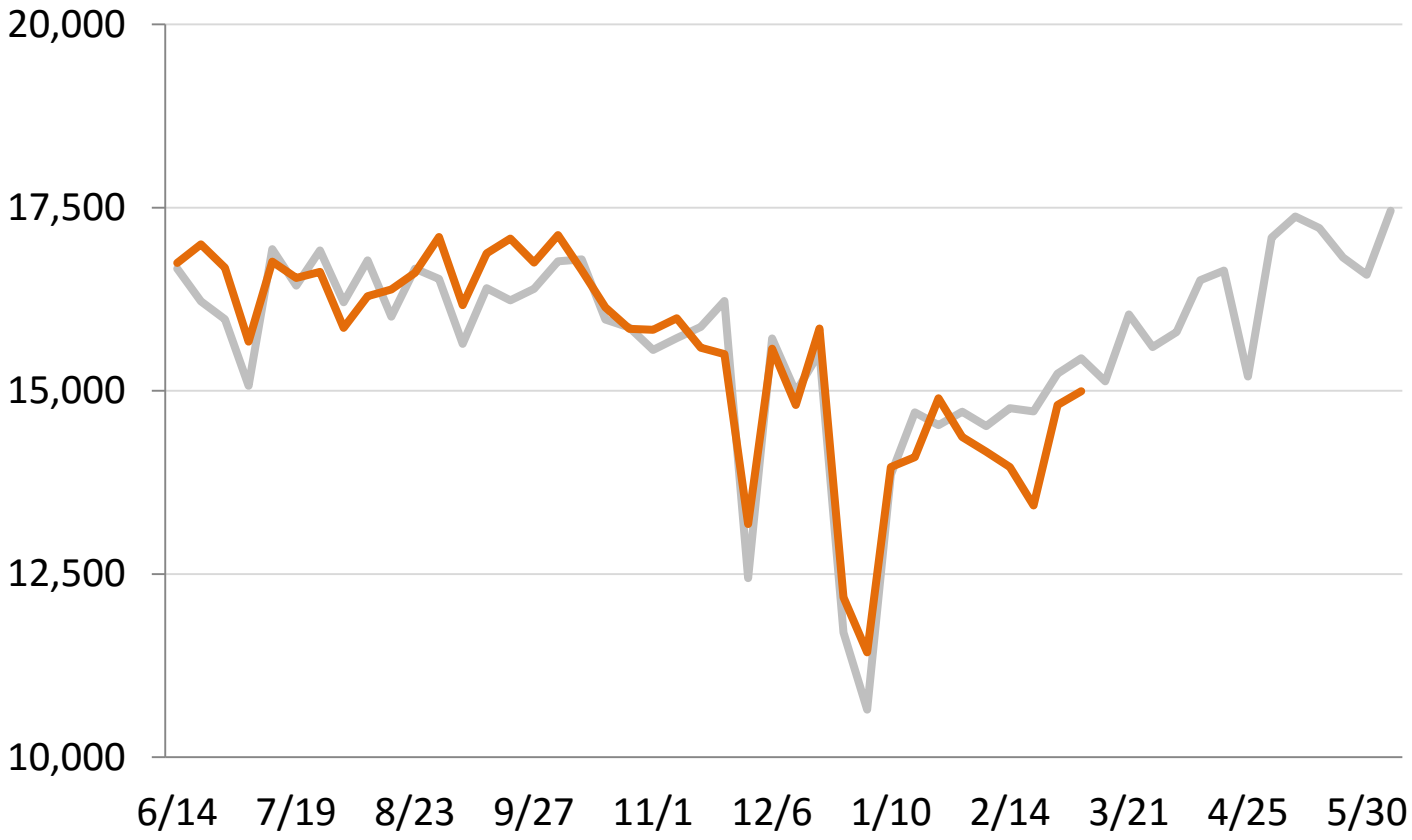
Sales compared to last year

What happened half way along?



Customers compared to last year

What happens in winter?



Discussion

Discussion

Our bakery only has enough money for one of these.

Which one will lead to more net income?

1

3

2

4