

Moving Toward Transparency: Board Practices

by Betsy Barnum

Posted on FB page Members Caring for Seward Co-op Jan. 28, 2019

The Seward Co-op Board of Directors has been moving toward secrecy for some time. Many co-op members are unhappy about this, and have let the board know. Secrecy and democracy do not seem compatible.

In her column in the Seward Co-op's 2018 Scorecard (https://seward.coop/repository/1/3643/scorecard_2018_web.pdf), former Seward Co-op Board President Mary Alice Smalls writes: "At the same time, we engaged in dialogue with some owners that led to changes to our co-op governance processes. The great number of observers to our work this year intensified board deliberations to be more open, and presented more opportunities to clarify what the board does and does not do."

Smalls does not elaborate on exactly what changes the board made or considered making. I have seen no changes as yet, and in fact, it seems the board wants to institute still deeper levels of secrecy in the form of a Non-Disclosure Agreement (NDA) that was proposed by board chair Joe Reimann at the November meeting with plans to consider it at the Jan. 29 meeting. The NDA would prohibit board members from talking with anyone outside the board about any of the contents of the board packet for each meeting--the detailed information about all the decisions that the board will consider.

The Seward Rooster strongly opposes this measure, and would like to urge concerned members to attend the Jan. 29 meeting to voice their opposition to further secrecy and their support for moving our board back toward transparency. If you would like to attend, please rsvp by sending an email to board@seward.co-op.

The truth is that the NDA would not do much to change the level of secrecy being practiced by the board now, but would institutionalize it, making it more entrenched as policy for how the board members relate to co-op members. This is not the direction that the board of a co-op ought to be going.

Since the former board president's comments quoted above do seem to indicate an openness to making some changes in board processes and practices, I have some ideas for how the board could do that.

- Discuss and make decisions at the board meeting in the presence of whoever is there. The current practice is to discuss and decide on agenda items via email before the meetings take place. The published agendas contain little information about the issues being decided upon, so those in attendance understand almost nothing of the decisions being made or what considerations board members expressed in coming to their decision. This is frustrating and anti-democratic.
- Limit closed "executive sessions" to issues where privacy is protected by law, such as personnel issues. Current practice is to retire into closed session on a regular basis, usually with little to no explanation as to why. Sometimes agendas contain a closed session, other times, I hear, the board simply asks everyone to leave and holds the rest of the meeting in private. What is it that the board wants to keep members from knowing about?
- Make a place on the agenda for co-op members to speak, especially on issues of direct concern to them. At present, members attending board meetings are observers only, and are typically not allowed to speak.

- Make the board packet available to attendees. Current practice is not to allow members to see the content of what the board deliberates on at each meeting. The NDA would make this a formal policy of the board and legally enforceable on every board member. It's what's informally called a gag order. More openness about this is at the core of moving our board toward transparency.

I'm sure there are lots of fears among board members about allowing some of the information about the state of the co-op's finances, or data that might be viewed as "competitive" information, out into the public realm by letting members see it and talk about it outside of the board meetings. Whether to do that, and about which kinds of issues, is a discussion that members deserve to be part of.

Secrecy is antithetical to democracy and antithetical to trust. Trust is a positive feature in any case, but the fiduciary role of the board vis-à-vis members in particular requires trust on both sides. Trust can flourish where there is openness, clarity, the ability to ask questions and have those questions answered, the knowledge that information is being shared and the truth is being told. Trust means the person or group whose financial interests are being represented trust the fiduciary's decisions. It also means the fiduciary representative trusts the group whose interests it represents.

But the secrecy of the board's practices indicates lack of trust on their part for members, and member frustration at being excluded and kept in the dark about board decisions regarding finances has significantly eroded trust on their part for the board. How can the fiduciary relationship be upheld in this situation? It can't.

Lack of transparency does not fit with the values of co-operatives, which Seward is organized around just like thousands of co-ops around the world. Democracy is one of those values. Our co-op seems to have been moving away from democracy. We at the Seward Rooster are pushing back, to move our co-op toward this fundamental value again.