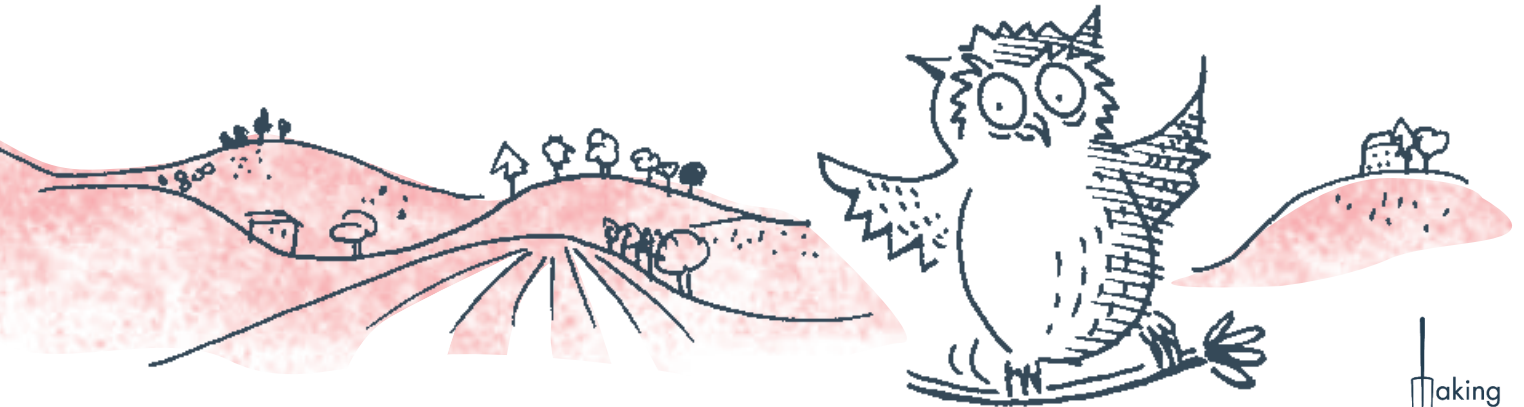# from conflict to co-operation

a handy illustrated guide for community enterprises

4 | **Organisational growth and development**

Foreword

In order to achieve their goals and be sustainable, community enterprises need to know how to work as a team – communicating effectively, making good decisions, dealing with the inevitable conflicts and coping with growth and change. '**from conflict to co-operation**' – a series of handy illustrated guides – is invaluable. It includes useful hints and tips as well as signposting to further resources.

The accessible and entertaining content is based on co-operative working concepts and has been written with community enterprises in mind, but it will be useful for any group trying to work together to achieve common goals.

The author, Kate Whittle, has over twenty-five years experience working in and with co-operatives and community enterprises of all kinds, both in the UK and overseas. Angela Martin, the illustrator, is a well-known cartoonist – with experience of illustrating a range of communication and group dynamics guides and handbooks.

I'm sure you will find these booklets a useful and fun resource – enjoy reading them, put their recommendations into practice and harvest the fruits of good teamwork!

Gillian Bober,
**President of the East of England Co-operative Society**

Introduction

This is the fourth Booklet in the series '**from conflict to co-operation**'. The series aims to help community enterprises not only deal with conflict when it arises (Booklet 1), but also avoid unnecessary conflict by:

- improving communication (Booklet 2)
- improving meetings and decision-making (Booklet 3)
- managing change caused by organisational growth and development (Booklet 4)
- clarifying the role of the Committee (Booklet 5)

The aim of this Booklet is to explore the tensions that can arise as an organisation grows, and identify the tools, techniques and approaches which will help you to move from an informal group to a mature organisation. This means a community enterprise where everyone is committed to organisational goals and understands

Everything is in a process of **change**, nothing endures; we do not seek **permanence**

Masatoshi Naito
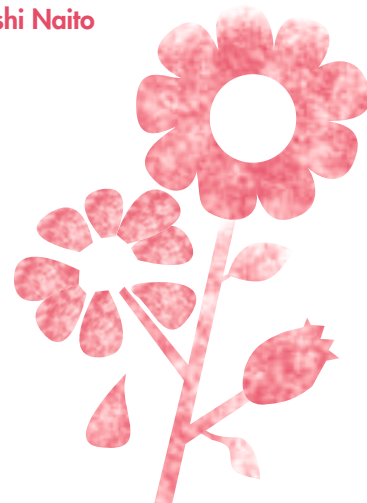
how the organisation functions and their role within it. We look at changing dynamics within the enterprise as it moves beyond the early start-up phase to consolidation and growth. We explain why appropriate structures and excellent communications are vital once the group grows to more than seven members, as well as how to deal with 'founders' syndrome', how to cope with change and how to integrate new employees and volunteers. We also explain the need for written policies and procedures and direct you to online resources, including models and templates.

A leader is best when people barely know he exists, when his work is done, his aim fulfilled, they will say: **we did it ourselves**

Lao Tzu

Issues of organisational growth & development

The need to acquire new skills and experience, as well as adopt new attitudes, as an organisation moves from the early start-up phase to a more stable growth-oriented phase of development, can cause friction in a growing community enterprise. However the enterprise is organised, whether it has developed a formal structure, led by a manager or a management team, or whether it works using distributed leadership, communication is the key. Distributed leadership is the way young people are starting to organise. It mobilises leadership at all levels in the organisation, emphasising the practice of leadership over the status of the leader.

Different types of structure will emerge according to the needs and tastes of those involved. You may be happy to sit in a meeting, or you may prefer to use social networking sites or online discussion forums. However you relate, it's essential that the organisation is aware of everybody's preferences and habits, and facilitates information sharing between the different modes of communication.

A focus on stability should not mean degenerating into what Paul Thomas calls the *"managerial mindset"* of managers and *"their systems, processes and structures, and their need to control."* Dr Thomas, a leading business consultant, says: *"Through understanding the people that*

work within your business and identifying natural leaders as opposed to managers, you can gain a better insight into what works most effectively for your business and the people that run it."

The success of Halifax-based worker co-operative Suma demonstrates the benefits of freeing up the 150-strong workforce to be leaders, rather than controlling them with managers.

Constant development is the law of life, and a man who always tries to maintain his dogmas in order to appear consistent drives himself into a false position

Mohandas Gandhi

CASE STUDY
Suma Wholefoods

Suma is the UK's largest independent wholefood wholesaler/distributor, a workers' co-operative, committed to ethical business and specialising in vegetarian, fairly traded, organic, ethical and natural products. Established 30 years ago, Suma believe that being a workers' cooperative is one of the fundamental keys to their success.

Suma operates a truly democratic system of management. Decisions are made at regular General Meetings with the consent of every co-operative member, while an elected Management Committee implements decisions and business plans. Day-to-day work is carried out by self-managing teams of employees who are all paid the same wage, and who all enjoy an equal voice and an equal stake in the success of the business.

Another key feature of Suma's structure and working practice is multi-skilling. Members are encouraged to get involved in more than one area of business, so individuals always perform more than one role within the cooperative. This helps to broaden the skills base and gives every member an invaluable insight into the bigger picture.

Coping with organisational growth & development

This Booklet looks at four different areas of potential conflict arising from organisational growth and development, including how to deal with founders' syndrome, managing change, recruiting and inducting new recruits, and the need for written policies and procedures.

1. Founders' syndrome

It's quite common for an organisation to get stuck when the founders' views and attitudes are so entrenched in work practices that changing demands, resulting from organisational growth, are ignored and opportunities lost. This is known as 'Founders' syndrome'. The entrepreneurial dynamism, drive and decisiveness of the leaders whose vision got the community enterprise off the ground can sometimes be an obstacle when the strategies that worked to grow the organisation during its start-up phase are no longer appropriate. They are often highly committed and motivated people whose only concern is for the good of the community enterprise. It is rather a problem of governance, where it is generally held that the founding group's skills and knowledge gives them a superior understanding of the situation, such that no-one feels confident to challenge them.

The way forward is for everyone – including the founders – to recognise and acknowledge the problem, and to address it. You could take stock by holding a risk management exercise, involving asking some hard questions. What if the founders leave? Who would take on their roles? Where is the vital information and contacts for marketing, finance or contract negotiations to be found? It will help if you hold regular strategic planning exercises, and have a training programme. *See the Signposting page for further information on dealing with Founders' syndrome.*
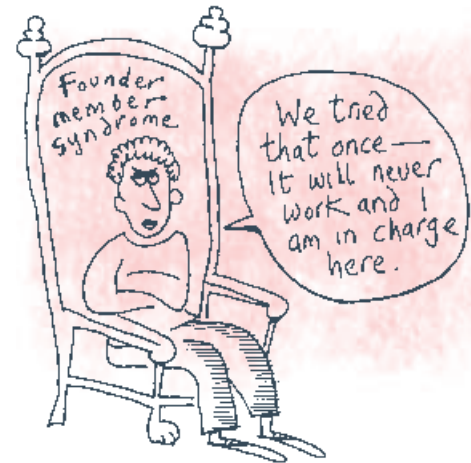
2. Managing change

Your community enterprise may have been started up by a group of friends or neighbours, or might have arisen out of a group with common aims, such as people connected to a local church or school. However it began, it is likely to consist of people with largely similar views with regard to the aims of the group and how it will work. Communications may have been informal, with information shared casually and irregularly. You may be able to make assumptions about each other's attitudes and values because, in the main, you share them.

As we have seen, changing demands on the community enterprise will bring a need for new skills, knowledge and experience. Community enterprise success relies on engagement with the whole community, not just in terms of supplying goods and services, but also as employees or volunteers. *See the Signposting page for links to guidance on widening the diversity of your community engagement.*

Once the group grows to more than about seven people, informal and casual communications become counterproductive, because some people will miss out.

It is a **bad plan** that admits of **no** modification

Publilius Syrus,
First Century BC
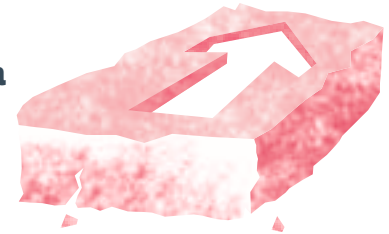
Assumptions you may have been able to make in the past about attitudes and values may not be reliable, and, as a result, conflict can arise. Over this magic number of seven, there begins to be a need for a drawn-up organisational structure, with clear lines of responsibility and accountability, and clarity about decision-making. As ever, effective channels of communication are the key.

In her paper 'The Tyranny of Structurelessness' Jo Freeman points out there is no such thing as a structure-less group, and that an apparently leaderless group will have leaders but they will have emerged on the basis of access to resources, charisma, popularity or some other characteristic. Such leaders are not accountable, and since they were never elected, they can never be unelected. It's better to be clear about where authority lies, and how those that have it can be held accountable and removed from power if necessary. *See the Signposting page for a link to The Tyranny of Structurelessness.*
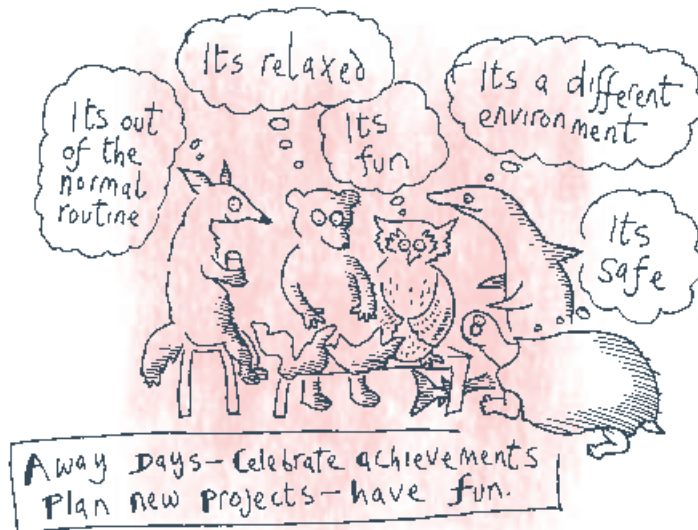
It may be difficult for founders to acknowledge the need to do things differently: new systems need time to embed themselves in day-to-day activities and need to prove their effectiveness over the old informal way of doing things. However, unless it is made clear to new employees or

volunteers how things work, how to find out what they need to know to do their job, or how to initiate new projects or contribute new ideas, you will miss out on the energy, creativity and fresh focus of new recruits. There's a fine line to be walked between valuing past experience and being too ready to dismiss new recruits' ideas with the comment "oh we tried that before and it didn't work…"
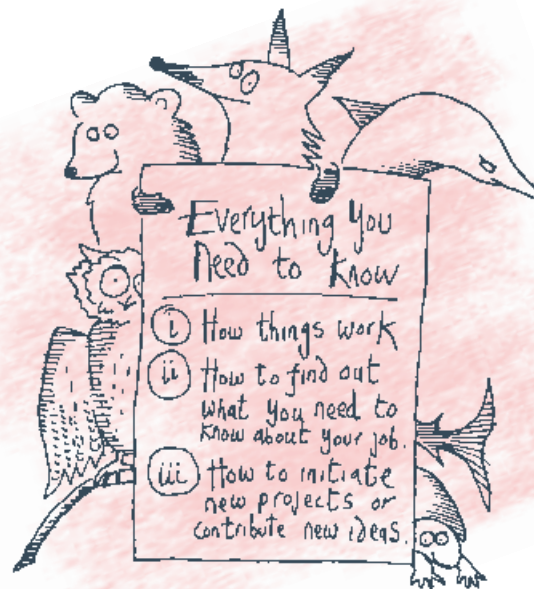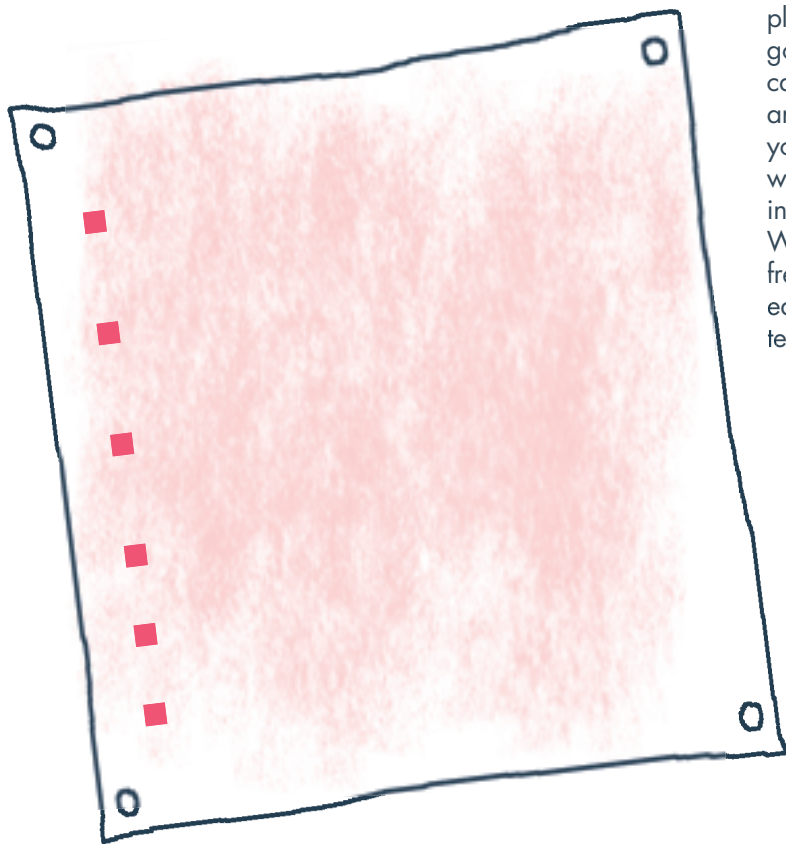
Many organisations hold away-days when all the stakeholders get together to celebrate achievements and plan new projects. With plenty of opportunities for fun, good food and getting to know each other, such events can really help to integrate new recruits into the team. If an away-day is too expensive and time-consuming for your organisation, there are a variety of other ways in which you can make spaces for people to engage socially, including eating together or brief social events after work. Whatever way you choose, try to get everyone together frequently. When people understand something about each other's backgrounds, hobbies or likes and dislikes, team working becomes much easier.

Its out of the normal routine

Its relaxed

Its fun

Its a different environment

Its safe

Away Days - Celebrate achievements Plan new projects - have fun.

Meetings which to date may have been held in someone's front room or upstairs in the pub will now need to be held at a time and a venue accessible to all. It might be useful to draw up "standing orders" for meetings, including:

- When and where they are held
- How to get items on the agenda
- What the quorum is
- Any ground rules – such as turning off mobile phones, no interrupting, punctuality

Ground Rules for Meetings

- No interrupting
- Raise your hand if you wish to speak
- Support the Chair
- Keep to the agenda
- Mobile phones off

Information about the business is in those bags and boxes over there.....

Information which – so far – has been in someone's head, or stored at someone's house, now needs to be available to all. This might be a business plan, annual accounts, budgets, action plan or mission statement, or your Constitution. If it's a paper document it needs to be in a clearly labelled file in a filing cabinet, or if it's an electronic document, people should have it, or know how to get it.

3. Recruitment and induction

Community enterprises need to recruit people with an understanding not just of the market environment of the enterprise but also its social aims and democratic management approach and styles. An effective equal opportunities policy and recruitment procedure will bring you the benefits of a wider pool of potential recruits both for paid work and volunteering opportunities.

You need to be clear what the job entails so you will be able to write a job description and person specification, which can then be used to write adverts for local media and community newsletters. The job description should include a job title, all the tasks and responsibilities of the post, and line management details. The person specification describes the essential and desirable qualifications, skills, knowledge and experience you are looking for.

You will also need to think through how the new recruit(s) will fit into the organisation. Where will they work? Is there a need for additional tools, materials or equipment? Who will show them the ropes and help them to integrate? Are they to be employed part- or full-time? What about payroll, insurance, health and safety?

When you have thought through all the implications of taking on new staff and you have the job description and person specification written, you will be ready to advertise the post, either through informal or formal channels. Recruitment can be an expensive process, so be sure to use all the informal channels you can find, bearing in mind that in order to ensure your community enterprise is engaging with all sections of the community you will need to place adverts in a wide range of media outlets.

The induction of new recruits, whether employees or volunteers, is vital to maintain the principles and ethos of the community enterprise. If induction is ignored or inadequate, those involved may not understand the community enterprise's mission or ways of working. As a result they will not be truly engaged, and when more experienced people leave, or when times get tough, the community enterprise can lose its way or get bought out.

The key to **successful leadership** today is **influence**, not authority

Ken Blanchard

Induction involves helping new recruits understand the background of the community enterprise, how it was set up, its mission and how it works. There can be a certain amount of reading involved but try not to give the new recruit too much at once! If you have a website make induction materials available online, so they can be downloaded as necessary.

Induction reading could include:

- ☑ Background and history of the organisation
- ☑ Mission statement
- ☑ Constitution
- ☑ Business plan
- ☑ Policies & procedures in case of:
  - ☐ Emergency – accident or fire
  - ☐ Customer complaints
- ☑ Job description
- ☑ Organisational structure
- ☑ Meetings timetable, standing orders and ground rules

Induction reminds me, I am part of the big picture here as well as a worker.
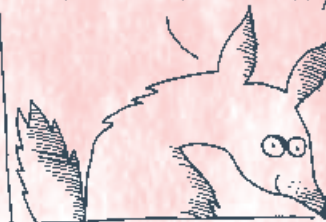
It's a good idea to appoint a mentor, buddy or minder who will know where to get hold of the above documents as and when the new recruit is ready. They could also offer a guided tour of the premises on their first day, including being introduced to everyone and being shown the toilets, tea making facilities, where to take lunch, bike parking facilities and anything else they need to know.

Finally, away-days are useful for the new recruit to get to see and participate in activities involving everyone in the community enterprise. Away-days can be an exciting opportunity to appreciate the scope and extent of what they have become involved in, and what the opportunities are for personal and career development, as well as lots of fun.

It's not leadership or even management that is wrong but leaders as an elite and management as status. We need leadership as a behaviour of many and management as a function to be fulfilled by the many.

Bob Cannell

You may not need this now but sooner or later you will really appreciate this policy and these procedures.

4. Written policies and procedures

Perhaps the biggest challenge for a growing community enterprise is to identify and produce written policies and procedures to enable people to make decisions and act without having to call endless meetings. There is a whole range of areas where written policies and procedures are necessary, including equal opportunities, health & safety, procedures to support sound financial management, or training policies to ensure that members develop skills they need to run the business.

However, policies and procedures will vary according to the type of enterprise you are, what sector you are in, the stage of development you have reached, and how many employees and/or volunteers you have.

Policy is the way an organisation works, written down as guidance for its employees, volunteers and Committee. Procedure generally means the way in which Policy is carried out. For example, an Equal Opportunities policy needs accompanying written procedures, so that when staff are interviewing prospective candidates or dealing with a complaint they can be sure they are complying with the policy.

Sources of information and models

There are various online sources of information and models, including Business Link and the National Council for Voluntary Organisations. However, it should be borne in mind that this guidance is designed for private enterprise and voluntary organisations so may not always be appropriate for a community enterprise. It's also not a good idea to simply adapt Local Authority policies written by lawyers. It's likely that you will find more appropriate information and models at sector support organisations such as the Development Trusts Association, Social Firms UK and Co-operatives UK. The Worker Co-operative Code of Governance is especially useful and can be downloaded from the Co-operatives UK website. *See Signposting page for links to all the above organisations.*

The past went that-a-way. When faced with a totally new situation, we tend always to attach ourselves to the objects, to the flavor of the most recent past. We look at the present through a **rear view mirror**. We march **backwards** into the **future**

Marshall McLuhan
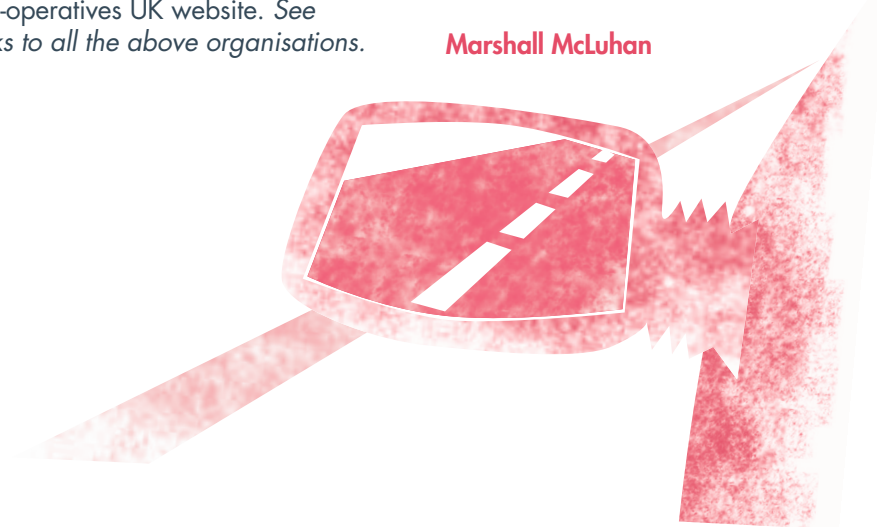
Summary

Booklet Four explored the tensions that can arise as a community enterprise grows. We identified the tools, techniques and approaches which will help you to move from an informal group to a mature organisation, where everyone is committed to the goals of the community enterprise, understands how the organisation functions and their role within it.

Booklet 5:

Role and responsibilities of the Committee the final booklet in the series – will examine the role of the committee and the function of the Chair, Treasurer and Secretary, and explain how a lack of clarity over the role of the committee, managers or workers can lead to conflict, especially when it is the same people wearing different hats! Finally, we will look at the importance of team-working and describe some team-building tips and techniques.

Signposting

Websites

to download a pdf copy of this booklet go to **www.fromconflict2co-operation.uk.coop**

■ The Business Doctor
   www.thebusinessdoctor.me

■ Bob Cannell: leaders not managers
   bobcannell.blogspot.com

■ Founder's syndrome
   en.wikipedia.org

■ Diversity Action
   www.diversityaction.coop

■ Worker Co-op Code
   www.uk.coop

■ Simply Governance
   www.uk.coop

- Simply Legal
  uk.coop/economy/start-a-co-operative

- Resources for induction of new members
  www.cooperantics.co.uk

- Business Link
  www.businesslink.gov.uk

- VolResource: information for voluntary
  and community organisations
  www.volresource.org.uk

- Development Trusts Association (DTA)
  www.dta.org.uk

- Social Firms UK (SFUK)
  socialfirmsuk.co.uk

Books

- The Tao of Leadership
  John Heider, Bantam New Age Books
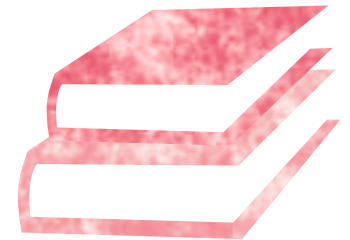
www.uk.coop

Making Local Food Work (MLFW) is a Big Lottery funded partnership of seven organisations: Co-operatives UK, Campaign to Protect Rural England, Country Markets, FARMA, The Plunkett Foundation, Sustain and the Soil Association. MLFW is rooted in the belief that the needs of consumers, producers and the land are interdependent, and that community enterprise can renew and strengthen these links to the lasting benefit of all.

Community enterprises can be organised in a variety of ways – from an informal group getting together to purchase food in bulk, to a professional trading organisation – but they all involve people working together to achieve a common goal. Examples include farmers' markets, community owned pubs and shops, community energy projects and car pools. The way in which activities are organised and decisions made is called governance, and the group of people who come together to organise activity and make longer term decisions is called the Governing Body – or Management Committee or Board of Directors – according to the type of organisation.

LOTTERY FUNDED

CO-OPERATIVES UK

Co-operatives UK is the national trade body that campaigns for co-operation and works to promote, develop and unite co-operative enterprises. Co-operatives UK aims to bring together all those with a passion and interest in co-operative action.