

# Beyond Participation

*Building a foundation for real member involvement*



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## Introduction

Ask your average co-op member what their co-op's biggest problem is. It's likely that they'll say "lack of participation".

We think it's time to ask if that's really true.

For many co-ops there are far bigger problems – financial problems, members and directors in arrears with their housing charges, poorly maintained buildings, lack of replacement reserves, and more.

The housing co-op tradition of "member participation" could be related to these other problems, but not in the way you might think.

In 2007, CHF Canada introduced a new workshop at the annual general meeting. In *The End of Participation*, Nicholas Gazzard and Thom Armstrong took a look at member participation in housing co-ops.

They asked, "Does our current model of member participation in housing co-ops work?"

They argued that the myths of participation were harming housing co-ops. In fact, they said the model of unpaid management by co-op "volunteers" was more of a problem than a solution. Maybe it was time to rethink "participation."

That workshop was controversial. Participants either loved it or hated it. But it prompted a lively 2009 town hall session with the same presenters. It was called *Beyond Participation* and it sparked a lot of interest too.

This publication is intended to do the same thing as the workshop and town hall sessions – prompt a discussion about the way members are involved in housing co-ops and to suggest some new strategies that might work better.

We hope you will talk about it in your own co-op. We want you to ask if your co-op's members are truly involved and, if not, what you can do to improve that connection. At the end we've included a short discussion guide to help you do that.

We hope you will find what you are about to read useful and thought-provoking.

And we'd love to hear what you think. Tell us if you have made any changes in your co-op's policies as a result of this discussion, and what results you got from this change.

### Acknowledgments

In 2007, Thom Armstrong and Nicholas Gazzard developed a workshop called *The End of Participation*. In 2009, they followed it up with *Beyond Participation*, a town hall-style presentation at the CHF Canada annual meeting in Victoria BC. Merrilee Robson, Thom Armstrong and Nicholas Gazzard prepared this booklet from those materials.

May 2010

## PART 1

# The END of Participation

*Hands up if you think members in your co-op don't participate enough.*

It's a complaint often heard in housing co-ops. But co-ops have been complaining about the same thing for almost 40 years. Why haven't we solved the problem?

Maybe it's time to ask whether our current model of member participation in housing co-ops is working. Maybe it's time to ask some hard questions about how much we expect from our members and whether we're getting the results we want.

### What do we mean by participation?

When co-ops talk about participation, they usually mean the obligation to do some kind of work in running the co-op.

They think of participation as contributing to the daily operation of the co-op by doing chores, joining a committee, or doing some or all of the co-op's management.

They aren't talking about the governance role – attending meetings and making decisions. They also don't call it participation if you pay your housing charges on time, take care of your unit and are considerate of your neighbours.

In other words, being just the kind of person everyone wants to have living next door to them doesn't earn you any "participation points".

In most cases, co-ops call their members who participate "volunteers". But it's usually not voluntary. These tasks are required by the co-op as a condition of membership. There's nothing voluntary about it.

Co-ops seem to think being a volunteer means not being paid.

But look in any dictionary for the word "volunteer" and you'll find that being unpaid isn't the main part of the definition. To "volunteer" is to do something you choose to do — to do it "voluntarily."

What co-ops call volunteering is really a system of unpaid management. And, if that's the case, we should ask ourselves whether we are getting the outcomes we need from that management system.

### Does member "participation" work?

It's a good question, but most co-ops have never asked it.

Many co-ops measure whether they have good or bad "participation" in their co-op by counting how many members are on a committee or doing chores. And lots of co-ops would say that getting enough members to participate in their co-op has been a huge struggle for as long as they can remember.

But we shouldn't be asking how many members are participating. Counting the number of hours people spend on co-op chores or how many members are on committees isn't a result. And when it comes to sound management, results and outcomes are what count.

Instead, we should be asking this question:

**Has our model of participation led to cost-effective, well-managed, well governed housing co-ops that are also good places to live?**

Because that's all that counts.

Participation can't be the goal. It's not the objective we're trying to achieve. It's the means to an end. And that end is good, cost-effective management, sound governance, and healthy communities.

Housing co-ops have been complaining about participation for as long as we can remember. Maybe it's time to admit that we need to start over and think of a new way to get things done.

Let's put this long-accepted idea of participation to the test. If you're expecting that the unpaid contributions of your members are going to help you with the key jobs in running your co-op well, then there are two fundamental questions you need to ask yourself:

### 1. Are your co-op's finances in order?

Your model isn't working if:

- housing charges aren't collected on time, from everyone, every month
- bills aren't paid on time
- arrears aren't followed up on
- there are directors in arrears
- the co-op has vacancy losses because the membership committee is not able to fill the units quickly
- the co-op's investments are poorly handled so that the co-op doesn't have the money it needs for the long term.

### 2. Are your buildings well maintained?

You can't maintain a multi-million dollar housing development with an annual clean-up day.

Your model isn't working if you don't have:

- a regular system of routine, preventive maintenance

- a quick response to repair need
- skilled responsible people to do the jobs that need doing
- reliable emergency response, and
- a capital plan, with funded reserves.

It's a rare co-op that can check off the whole list. As a result, the co-op housing sector has a huge problem of deferred maintenance. Many buildings need a massive re-investment from replacement reserve funds that, in many cases, don't exist.

We might not want to admit it, but maybe we underestimate how much skill and experience it takes to tackle the sophisticated property management challenge of our co-op buildings.

New homes can absorb a lot of deferred maintenance, but the results of years of neglect are now all too obvious in many co-ops.

We may say that we can't afford the cost of a reliable maintenance service and a capital plan. But in fact we can't afford *not* to have them.

Co-op housing was not meant to be disposable housing. We made promises to the government—and to our members—that we would provide affordable housing for the long term. Expecting the members to maintain our buildings has not helped us keep that promise.

### Why do we make members participate?

When we ask co-ops to explain why members should have to "participate" in their co-op, there are plenty of answers. But do those answers stand up under closer examination? Let's look at the six most common arguments.



A co-op is a co-op because the members make decisions together, not because they do everything.

### Reason we make members participate #1:

It's a co-op, and co-ops depend on member participation.

But do they?

When we say "participation is what makes it a co-op", what we really mean is "that's what makes it a housing co-op in Canada."

Because that's not how housing co-ops operate in other countries. And that's not how other types of Canadian co-ops operate.

When was the last time you were expected to take a shift behind the counter at your local credit union? Or stock shelves at Mountain Equipment Co-op? Or do the oil changes at your local car co-op? Or help out as a nurse in your community health clinic? These are co-ops too, but they hire staff to take care of the management and other tasks. Why should housing co-ops be any different?

We need members to get more involved in the *governance* of our co-ops—by voting for the board of directors, attending general meetings, and making good use of the co-op's services.

A co-op is a co-op because the members own it and make decisions together about how it should be governed and managed, not because they do everything themselves. A co-op is also a co-op because people support each other and care about making their community work.

Which of the seven co-op principles requires volunteers to run the co-op? Can't think of it right away? That's because the answer is: none of them.

In fact, participation as we've defined it doesn't make a co-op a co-op. It's the management model Canadian housing co-ops developed in the early days of our movement, and some co-ops have never considered anything else.

And that's why it's fair to ask, "Is it working?" Because a management model can be kept or not, depending on how well it's working.

### Reason we make members participate #2:

We do it, so why shouldn't they? Besides, we all signed an agreement when we moved in, and in that agreement we promised to participate.

It's just not fair!

Or is it? Think about why you do the things you do in your co-op—or anywhere else, for that matter. Is it because you have to? Or is it because you enjoy huge rewards from being active in your co-op: rewards like influence, learning new skills, personal growth, a social life, and the chance to make a difference in the community?

When you volunteer for something—truly volunteer because you want to, rather than just obeying participation rules—you usually get back much more than you put in. So why do we need to make other members feel ashamed for not doing as much as we do?

Before you stand up at the next meeting to complain about the members who don't do their fair share, ask yourself if you really *need* to have more people participating and what it will get you. Will a dysfunctional committee have better meetings with more people?

In fact, we're alienating good members with our endless speeches about how they're not measuring up to our standards.

Imagine a member whose only contribution to the co-op is paying her housing charge on time every month, coming to meetings and social events, helping her neighbours, keeping her unit in mint condition and never disturbing other members. Sound perfect? We think so too. But some co-ops would try to punish this model co-op member for not joining a committee. And that just doesn't make sense.

### **Reason we make members participate #3:**

**Because without it, we won't have enough people to run our committees.**

Most co-ops have committees because they think they're supposed to have them or because it's a way to get members to participate. That's called arguing in a circle: co-ops need members to participate to

fill committees that they created so that members can participate!

The question they should be asking themselves is: what's the best way to get the job done? If the answer really *is* a committee, fine. But if you're not getting the results you need, it's time to look at other approaches.

In fact most co-ops don't need a lot of committees to manage their business well. There are exceptions, of course, but you can find housing co-ops with no committees that run just as well or better than co-ops with committees.

In our experience working with co-ops in difficulty:

the biggest obstacle to effective co-op maintenance is often maintenance committees

the biggest obstacle to sound financial management is often finance committees

and the biggest obstacle to keeping units full of good members is often membership committees.

Some kinds of committees can support good governance and help build community. These include the nominating committee, education committee, policy review committee, social or welcome committee. Other committees add little or no value because they get in the way of the co-op's management or they're make-work bodies that feed the participation myth.

### **Reason we make members participate #4:**

**Because if we don't make them, they won't.**

This just proves that we don't understand what makes people tick. Try this quick survey in any roomful of people: "Hands up if the *best* way to get you to do something is to tell you that you have to do it." If you see more than one hand in the air, you're in a room full of people we've never met.

How many people do you know who get involved in their co-ops because they *have* to? How about you? We didn't think so.

Should we really be trying to *force* other members to get involved? Or does that just make them resentful and less willing to help?

Requiring "participation" means that people get involved in their co-ops for all the wrong reasons. Why not try motivating people to get involved for the right reasons? Everyone will be much happier, and much more productive.

### **Reason we make members participate #5:**

**We make people participate because that's how you build a community.**

In fact it's proven to be a community wrecker.

Participation is the single most divisive issue we've seen in our years of living and working in co-ops. It pits member against member, neighbour against neighbour. Instead of bringing people together, it can drive them apart and create a bitter, "us against them" atmosphere. It's bad enough that our model of participation isn't achieving the management results we're looking for; it's even worse that it has made some co-ops a miserable place for people to live.

*And* it reinforces the idea of participation for participation's sake. People start to count the hours they've put in and don't look at what they're trying to accomplish or what might make it a better co-op.

### **Reason we make members participate #6:**

**Co-op housing is affordable housing, and member participation is the best way to keep costs down.**

This may be the biggest myth of all. It's hardly ever true.

A co-op may think that it can't afford a professional bookkeeper. But often the result is much higher audit fees when the financial records kept by volunteers aren't up to professional standards. Very often, hiring a professional bookkeeper or accountant actually saves a co-op money.

If you have units that sit vacant for a month or more while volunteer committees try to find the time to paint, clean carpets, and interview prospective new members, the co-op is actually losing more money than it would cost to hire someone to do this work.

Some co-ops are proud of the money they save because they spend so little on maintenance and instead rely on the unskilled free labour of the members. This is a false economy. The result is usually deferred maintenance that will leave the co-op in poor condition and end up costing a lot more money down the road.

Housing co-ops are meant to provide affordable housing for their members by operating at cost. But "at cost" doesn't mean "as cheap as we can possibly make it" or "whatever we feel like paying today." Operating at "break even" or "at cost" means spending what it takes to offer a good standard of housing and take care of a valuable real estate asset—now and over the life of our co-ops.

And we owe it to our members. Co-op members deserve a level of service that's at least as good as the best the private sector rental market has to offer. Instead, many have to resign themselves to second-class housing because "it's a co-op" and "after all, we're only volunteers."

We say we provide co-op housing as a long-term legacy – providing affordable housing for generations of members. Instead, we're often treating our co-ops as if they are disposable housing by leaving the upkeep of them to chance.

## PART 2

## BEYOND Participation

## Real member involvement

Housing co-ops in Canada have been around for more than 40 years.

Is it so hard to think that maybe it's time we took a fresh look at how we do things?

Think about it: What company or organization can you name that is successful today and has used the same business model for the last 40 years?

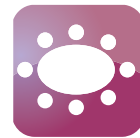
You might say, "If it ain't broke, don't fix it." Quite a lot of well-known brand names have said that in the past. Now those brands are gone.

And we would argue that our model is broken and does need fixing. We've shown that hardly any co-ops are getting the level of participation they want. And we are not getting the outcomes we want from that model.

Let's review what those outcomes should be.

CHF Canada's guides to *Getting Governance Right* and *Getting Management Right* outline the goals of good governance, principled leadership, and sound management in housing co-ops.

Those issues are covered in detail in the guides but here's a summary:



## Good governance

**Governance** is concerned with the overall direction of the co-op – setting policies, adopting budgets and other plans, supervising management and generally seeing to the well-being of the co-op. Governance is the job of the directors and the members who elect them.

Governance is how directors, and the members who elect them, set and control the overall direction of the co-op to ensure its success as a viable business and a co-operative community.

Key governance activities include:

- identifying goals, setting priorities, and planning
- establishing rules and policies
- selecting, supervising, and evaluating management, and
- evaluating outcomes.

In a co-op with good governance, the board

- is aware of its legal duties
- knows the co-op's purposes
- has a strategic focus
- acts transparently
- is accountable
- acts fairly

- is responsive to the members
- is effective in getting results
- evaluates its own performance
- plans for its succession.

Aside from meeting the basic requirements of membership, the members support good governance by

- understanding what we mean by good governance
- learning about the values and principles of co-operation and co-op housing
- attending and speaking up at members' meetings
- applying the principles of good governance in any committee work they may be doing
- taking care to choose directors who will act ethically and put the co-op's interests first
- supporting education and training opportunities for members – and going to them.



## Sound management

**Managing** is the day-to-day work of running the co-op – taking care of the business according to the overall direction set by the board.

CHF Canada developed a list of core management standards in 2004. These standards are outlined in *Getting Management Right*.

The Core Management Standards help co-ops measure and improve the quality of their management. The guide sets out in detail the results that good management brings. They are divided into five key areas:

1. Managing the finances
2. Keeping the co-op in good repair
3. Keeping the co-op full
4. Meeting your co-op's legal requirements, and
5. Supporting good co-op governance



## A 2020 Co-op

CHF Canada has launched 2020 Vision, a program to help co-ops prepare for a strong future. 2020 Vision sets out the eight characteristics of a co-op that is well-positioned to tackle the challenges ahead.

A 2020 Co-op has

- a mission statement and a vision for its future
- a commitment to the values of the Canadian co-operative housing movement
- a capital reserve and investment plan
- a long term-financial plan
- good governance and principled leadership
- a comprehensive maintenance plan
- sound management, and
- a commitment to environmental sustainability.

Now think about your co-op. Ask yourself a couple of key questions:

**If the eight 2020 standards are the outcomes co-ops need to be successful, where have our members, as volunteers, had the most impact? Where have we accomplished the most?**

Then ask:

**Where have our members, as volunteers, struggled to achieve the outcomes we need to be successful?**

We think it's fair to say that co-op members, as volunteers, achieve the best results when they focus their efforts on good governance and community building.

In fact, we think that the most important contribution members can make to their co-op is their role in the co-op's good governance, which includes building a strong community.

## Strategies for real member involvement

“Participation” and real member involvement aren't the same thing. The role of members should be active and voluntary involvement in the governance of the co-op.

If the most important contribution members can make is their role in good governance and community building, shouldn't that be where we focus our strategies for member involvement? The mark of any successful company, association, or co-op is that it plays to people's strengths—it asks their best people to do what they do best.



Member involvement that promotes a co-operative community means respecting diversity and differences in abilities, and encouraging social involvement without insisting on it.

Remember our definition: governance is how directors, and the members who elect them, set and control the overall direction of the co-op to ensure its success as a viable business and a co-operative community.

### A better role for members

When we talk about governance, we often focus on the role of the Board. But there's a critical role for members to play.

Member involvement that makes the co-op a **viable business** means:

- meeting all the responsibilities of membership
- taking pride in their homes
- supporting good governance and sound management
- expecting and respecting principled leadership
- attending and participating in membership meetings
- seeking out opportunities for education and training
- sharing leadership duties
- understanding that the needs of the co-op sometimes come first

Member involvement that promotes a **co-operative community** means:

- supporting open and inclusive membership
- welcoming new arrivals to the co-op
- respecting diversity and differences in abilities
- encouraging social involvement without insisting on it
- caring for the health and safety of others

- modelling co-operative behaviour

This isn't “make work”, it's real work! And it matters how well we do. In fact, isn't it what makes us different from other forms of affordable housing?

## A word about committees

As we've said earlier, some committees add little or no value because they get in the way of the co-op's management, or they are make-work bodies that feed the participation myths.

But other committees can play a key role in supporting governance and building communities.

Here are some examples:

- nominating committee
- education committee
- policy review committee
- social event committee
- “welcome wagon” committee

And remember, committees don't have to be permanent fixtures in the co-op's governance structure. Sometimes the best way to get something done is with an ad hoc committee or a task force—a group of volunteers who get a job done and then wrap up. After all, the point is the task and the outcome, not the structure.

## Conclusion

In 2007, CHF Canada began asking if our model of member participation works. Today, we're looking at things that members can do that will have the greatest impact on their co-op's governance.

Good governance and strong communities are the members' jobs. They are important and challenging goals.

Rather than doing everyday chores and taking on work that should be done by paid professionals, member involvement in governance means:

- making sure that the co-op runs according to the co-op principles
- meeting all the responsibilities of membership – the “ethical contract” with the co-op
- supporting good governance, principled leadership and sound management
- attending and contributing to membership meetings
- seeking out opportunities for education and training
- sharing leadership duties
- contributing to a rich community life in the co-op through welcoming and orienting new members, and planning social events.

Forced member “participation” never built a community. If you put people in a situation where they are having fun, making friends and learning something new, it will do more to build a co-op community than all the “participation” policies in the world.

Good governance and strong communities are important and challenging goals. Our traditional preoccupation with participation has gotten in the way of these goals. It's time to rethink what we ask from members.



Having fun, making friends and learning something new will do more to build a co-op community than all the “participation” policies in the world.

## Beyond Participation Discussion Guide

The ideas set out in this booklet have prompted some *very* lively discussion wherever they have been presented. We'd like to see that discussion continue at your housing co-op. So we're suggesting that you set aside some time at a members' meeting to do just that.

In a moment we'll offer a set of four questions that might help you frame a discussion of the ideas in *Beyond Participation*. You may want to add questions of your own that are specific to the issue of participation at your co-op. To get the discussion going, we suggest the following steps:

### Preparing for the discussion

First, announce the discussion well in advance and encourage your members to read this publication. It's available to member co-ops on the CHF Canada website for no charge, and it can be printed out.

Have a facilitator for this part of your meeting. It can be your meeting chair or another member, or you could ask your local federation or CHF Canada to handle the facilitation duties. Either way, it's important that the facilitator is familiar with *Beyond Participation* and has some experience of leading a meeting – on a fairly hot topic!

### The format

The facilitator explains the format. The discussion should begin with a summary of the themes in *Beyond Participation*, presented by the facilitator

or someone else designated to do that. Then the questions will be presented, one at a time, and the discussion is open to the floor.

### Opening summary

There are three main themes of *Beyond Participation*:

1. why we try to make members participate – and all too often fail
2. whether participation has produced good management, governance and community outcomes for the co-op
3. whether there are better ways to involve members in the co-op other than forced participation.

The facilitator can build on these themes to sketch a summary of *Beyond Participation* using material from this booklet. The summary should take no more than 10 minutes. As we said, it will be a big help if your members have looked at the material before the meeting.

### The discussion

Allow about half an hour for the discussion. Your members may have a lot to say on this subject, as it touches all of them. But Rome wasn't built in a day and rethinking participation won't happen in one members' meeting. It's better to leave the discussion unfinished and return to it at a future

meeting after the members have had a chance to digest these ideas and others that might come out in the discussion.

Bring out the questions one at a time. You'll lose focus if you have all of them open for discussion at the same time. Ask members to follow the same code of conduct they would at any general meeting – raise hands to speak, address the room, not individuals, and be polite – challenge ideas by all means but don't make it personal.

Have a note-taker. You don't need formal minutes but it would be good to keep a record of the direction of the discussion. Or you could record it, but make sure the members agree to this in advance. After the meeting someone should develop a summary of the discussion from the notes or the record.

## Follow-up

If your members want to pursue the discussion further you'll need a second meeting at the very least. And at some point, if you want to change the participation culture of your co-op, you'll need to agree how to go about it. That might mean a close look at your management and governance – there's lots in the resource section of CHF Canada's website to help you there. And that might lead to changes to the rules or by-laws that have governed participation in your co-op, probably since the beginning.

## Discussion questions

Begin with a quick review of the eight standards for a 2020 Co-op.

A 2020 Co-op has

- a mission statement and a vision for its future
- a commitment to the values of the Canadian co-operative housing movement

- a capital reserve and investment plan
- a long-term financial plan
- good governance and principled leadership
- a comprehensive maintenance plan
- sound management, and
- a commitment to environmental sustainability

Now think about your co-op and use these questions, one at a time, to start the discussion:

1. **If the eight 2020 standards are the outcomes co-ops need to be successful, where have our members, as volunteers, had the most impact? Where have we accomplished the most?**
2. **Where have our members, as volunteers, struggled to achieve the outcomes we need to be successful?**
3. **What, if anything, should we change about the role of our members in the co-op?**
4. **How can our members best support good governance at our co-op?**

Finally, we'd like to hear from you about how your discussion went.

You can email us at [info@chfcanada.coop](mailto:info@chfcanada.coop), or post a message on CHF Canada's Co-op Talk – go to our website and follow the links.