CO-OP FOUNDATIONS SERIES | VOLUME 07

Driving Change

What every co-op leader should understand
about leading their cooperative forward.

For boards and staff of rural electric cooperatives.

CO-OP INNOVATION NETWORK

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Driving Change

ABOUT THIS SERIES

This is the seventh and final resource in the Co-op Foundations Series from Co-op Innovation Network. The volumes before it explain how a cooperative is built: its structure, the G&T relationship, finance, the board's role, member engagement, and the regulatory and market context it works within. This volume brings those threads together and asks a practical question: once you understand how a co-op works, how do you move it forward?

01 How Co-ops Work
02 The G&T Relationship
03 Co-op Finance
04 The Board's Role
05 Member Engagement
06 Regulation, Markets & Policy
07 **Driving Change**

Introduction

Every co-op leader inherits pressures that were building long before they arrived. Costs are rising, and members feel every increase. Demand is growing in new ways, from electric vehicles to data centers to broader electrification. Members and policymakers expect more renewable energy. And much of the infrastructure built in the last century is reaching the end of its working life.

None of these pressures resolve on their own. A co-op that waits for them to pass will watch its options narrow and its costs climb. The co-ops that do well treat change as part of the job, not an interruption to it.

Treating change that way is harder than it sounds. A co-op's commitment to stability and its instinct to limit risk for its members can make it slow to adapt, but the cooperative model is capable of real agility. This volume is about what it takes to lead change in a cooperative: why it is hard, why the model is better suited to change than it often seems, how good planning prepares a co-op to act, and how leaders move their organizations forward.

WHY THIS MATTERS

The Pressure Is Real

The forces reshaping the electric industry are already here. Waiting to act is itself a decision, and usually a costly one.

The Co-op Model Has Advantages

Local control and member ownership give co-ops room to act that larger utilities do not have.

Leadership Makes the Difference

Structure sets the boundaries. What a co-op does within them depends on how its board and staff choose to lead.

The Case for Change

Change in a co-op rarely starts with simply a big idea. It starts with pressure. Every co-op feels some version of the same industry-wide forces, even as each also faces pressures particular to its own system, members, and community. The ones below are shared by nearly all of them.

Rising Costs and Rate Sensitivity

Members watch every rate increase, and their tolerance is understandably low. Wholesale power and financing make up most of what members pay, so much of what drives costs is outside the local co-op's control.

New and Growing Demand

Electric vehicles, data centers, and broader electrification are raising demand faster than the system was built to handle, putting new strain on capacity, transmission, and capital plans.

Expectations Around Renewable Energy

Members and policymakers increasingly expect local renewable energy and visible progress toward it. Whether a co-op can respond often depends on its power contract and its financial position.

Aging Infrastructure

Poles, lines, and substations built decades ago are reaching the end of their service life. Replacing them is expensive, and members are sensitive to the higher rates that may follow.

THE COMMON THREAD

Under these pressures, a co-op can feel it has to make significant, lasting decisions faster than its structure was built to move. The tension between moving quickly and staying steady is at the heart of leading a co-op.

Why Change Is Hard

If the case for change is clear, why do co-ops so often struggle to act on it? A co-op's core goals of providing stability, protecting members, and limiting risk can sit in tension with change and the uncertainty it brings. Some of that resistance is structural, like a decades-long power supply contract. The rest is cultural, and easy to overlook.

STRUCTURAL

The ones you can name

- **Long-Term Power Contracts**
  Most distribution co-ops buy power through a G&T under a contract that can run for decades, shaping what they can do on rates and local generation.
- **Capital and Lender Limits**
  Major investment runs on long-term debt, and the covenants lenders attach set real limits on what a co-op can take on.
- **Regulation and Markets**
  Depending on the state, a co-op answers to a utility commission, wholesale market rules, or both, which shape the pace of change.

You work within these.

CULTURAL

The ones that run deeper

- **Caution That Resists Change**
  Co-ops exist to provide reliable, affordable power, not to gamble with members' money. That caution can harden into avoidance of any uncertain change.
- **Low Member Engagement**
  When few members vote or attend meetings, a board can struggle to know whether it has a mandate to act.
- **Board and Staff Alignment**
  Change needs the board and staff pointed the same way. Turnover and misalignment stall momentum.

You can change these.

THE BOTTOM LINE

The structural limits are real, but they are rarely the whole story. Whether a co-op works within them or stalls in front of them is usually a matter of culture.

What Works in the Co-op's Favor

The constraints are real, but they are only half the picture. The cooperative model also gives co-ops advantages investor-owned utilities (IOUs) cannot match. The same structure that can slow a co-op down is what lets it move on its own terms once it decides to.

Member Ownership

SOMETIMES A CONSTRAINT	CAN BE A STRENGTH
Big decisions need member buy-in, which can slow a co-op down.	That same buy-in becomes a real mandate, so change holds once members are behind it.

Local & Independent

SOMETIMES A CONSTRAINT	CAN BE A STRENGTH
A single co-op is small, with limited scale and resources.	It can act on local needs quickly, without waiting on a distant head office.

Not-for-Profit

SOMETIMES A CONSTRAINT	CAN BE A STRENGTH
Without shareholders, raising capital takes more planning.	With no shareholder returns to satisfy, savings and priorities stay focused on members.

Built for Stability

SOMETIMES A CONSTRAINT	CAN BE A STRENGTH
A culture built for reliability can be cautious about change.	That same caution makes a co-op a trusted steward, so the change it does pursue carries weight.

The Role of Planning

Change rarely begins with a bold move. It begins with a plan. Good strategic planning is where a co-op looks beyond the near term, decides where it needs to go, and turns that into steps it can actually take. Even when no major change is underway, that same work keeps a co-op ready for whatever comes next.

TIPS FOR
SMART PLANNING

Look Further Out

Take the long view.

Model where costs, load, technology, and members are heading over the next five, ten, and twenty years, so today's choices are shaped by where things are going, not just where they stand.

Turn the Model Into a Plan

Name the actions, owners, and funding.

A useful plan is specific: what the co-op will do, who is responsible, on what timeline, and how it will be funded.

Get the Right People in the Room

Align the board, CEO, and staff.

Planning is where leadership builds a shared direction, and where engaging members is planned deliberately rather than left to chance.

Keep It Live

Use it, and update it.

Revisit the plan as conditions change. And remember, the value is in the ongoing discipline of looking ahead, not simply the document itself.

A READINESS CHECK

The state of a co-op's planning is a good read on its readiness to change. If planning is thin, out of date, or done in isolation, strengthening it is one of the highest-leverage moves you can make.

How Change Happens

Co-ops that drive change well tend to do it in similar ways. It is less about a single bold move than a deliberate sequence that respects how a co-op works.

1 Move Through the System Together

Bring people along, don't bypass them.

Lasting change goes through the board, the budget, and the power contract, not around them.

2 Align the Board and CEO First

Agree on direction before moving.

Before a co-op moves, its board and CEO need a shared understanding of the goal and of who does what to reach it.

3 Bring Members in Early

Let members help shape it.

This works two ways. First, when you are driving a change, bring members in early to build buy-in and to hear their feedback while it is still taking shape. Second, what members care about can tell you what is worth pursuing in the first place. Strong interest in electric vehicles, for instance, is an early signal of where momentum is heading.

4 Start Small and Prove It

Test before betting the system.

Pilots, partnerships, and phased projects test an idea at low risk, and a small success builds the track record to do more.

5 Use the Network

Don't go it alone.

Other co-ops have faced the same decisions, and shared experience shortens the path for the ones that follow.

Change in a co-op is rarely dramatic. It is the result of steady, deliberate work that respects the structure while refusing to be limited by it.

Where Change Stalls

Even co-ops committed to change can run into trouble. Recognizing patterns early often separates a change that lasts from one that quietly fades.

Change Without Buy-In

A good idea carried by one or two people, without the board and staff behind it, stalls the moment it meets resistance.

What helps: *Build alignment before momentum. A change with shared ownership survives setbacks a solo effort cannot.*

Overlooking the Contract

Plans that assume a co-op can simply add local generation or switch power sources often collide with the G&T contract.

What helps: *Learn what the contract allows before committing, and involve the G&T early where it requires it.*

No Path to Pay for It

Ambition without a capital plan rarely survives the budget. Change that ignores the co-op's finances stops when the money does.

What helps: *Tie the change to a realistic financing plan, sized to what the balance sheet and lenders can support.*

QUESTIONS TO ASK

Wherever your co-op is starting from, these are worth talking through together.

- What is the biggest pressure pushing us toward change right now, and are we treating it as urgent?
- What does our power supply contract actually allow, and when did we last read it closely?
- Where could we start small, with a pilot that limits the risk?
- How do members hear about changes, and how do they weigh in before decisions are made?
- Are the board and staff aligned on where we are trying to go?
- What would waiting another year cost us, in dollars and in options?

What This Means

Driving change is not a separate skill from running a co-op well. It is part of the same work. The seven volumes of this series describe one connected system, and running a co-op well means moving all of it forward together.

KEY TAKEAWAYS

Structure shapes what is possible.
How a co-op is built, governed, and financed sets the boundaries. Knowing them is the start of changing anything within them.

Most change fits inside the constraints.
Contracts, capital, and regulation limit the pace, but more is possible inside them than co-ops often assume.

The model is an asset.
Local control, member ownership, and mission alignment give co-ops room to act that larger utilities lack.

Change needs a plan.
Good planning looks ahead and gets the board, staff, and members moving together, so an idea turns into something the co-op can actually do.

Alignment is the engine.
Board, staff, and members pulling together is what turns a good idea into a decision that holds.

Standing still is a choice.
The pressures are not waiting. Choosing not to act is itself a decision, with its own rising costs.

Few organizations are as well positioned as co-ops for what comes next. Their local roots, member ownership, and long view are exactly the strengths the years ahead will reward, and the co-ops that keep evolving are the ones that will turn that opportunity into real value for the members they serve.

A cooperative was built to serve its members and to endure. Change is not a threat to that purpose. It is how each generation of leaders honors it.

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