August 2026 Update

Colorado Co-op Council

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Colorado Cooperative Council Monthly Newsletter

Across Colorado, harvest is coming in well below average. Ongoing water concerns, tighter margins, and uncertainty are shaping decisions about operations, staffing, capital, and member needs. Many cooperatives are also entering budget season and preparing new directors to govern.

Conditions like these can reveal cracks in the armor. Assumptions overlooked in stronger years become more consequential. Limited board financial understanding, inadequate forecasting, or directors who view the cooperative primarily through individual transactions can restrict the organization's ability to respond.

This month's update focuses on cooperative leaders continuing to develop and sharpen their skills. Leadership development helps leaders understand the business, challenge assumptions, make disciplined choices, and steward the cooperative through conditions they cannot control.

From Community to Readiness

Last month, we explored Principle 7, Concern for Community, and the responsibility to use available capacity in service of the people and places cooperatives were created to serve. That responsibility becomes more demanding when resources are constrained, and the future is less predictable.

Below-average harvests and continued water concerns will not affect every cooperative the same way. The impact will depend on geography, commodity mix, member financial strength, liquidity, staffing, debt, inventory, and the decisions leaders have already made. What is shared is a narrower margin for error and delayed action.

Readiness does not mean perfectly predicting the future. It means developing the judgment, information, and discipline to respond as conditions change. For directors and executives, sharpening the sword includes strengthening financial fluency, understanding the cooperative model, clarifying governance roles, seeking outside perspectives, and continuing to learn even after years of service.

Experience matters, but experience alone is not development. New directors need more than an orientation packet. Long-serving directors need more than confidence that the current cycle will eventually pass. CEOs need more than historical financial statements or an annual spreadsheet that is filed away once approved. Every leader has something to sharpen.

The central question is:

Are we developing the leadership capacity to govern the cooperative we will need next, or relying on what worked before?

Listening First

The Council continues to compile and analyze insights from cooperative visits, customer meetings, and conversations across the state. Current discussions are increasingly shaped by financial pressure, director readiness,

clarity around board and management roles, and the practical disciplines required to lead through uncertainty.

The objective remains practical: identify the patterns that matter, test what is being heard, and translate those insights into education, resources, and convenings that strengthen Colorado cooperatives.

What We're Hearing So Far

As conversations continue across Colorado cooperatives, several governance and leadership themes are becoming more prominent.

- **Harvest and Water Pressure**

  Below-average harvest across much of the state, combined with continued water concerns, is increasing pressure on producers and the cooperatives that serve them. The effects may show up in purchasing patterns, credit needs, inventory decisions, delayed capital spending, or changing expectations of the cooperative.

- **Budgeting and Forecasting**

  Budget planning is underway for many cooperatives. Conversations suggest, however, that not every organization is using both a meaningful annual budget and an updated financial forecast. A static budget cannot show leaders what is now likely to happen as actual results and operating conditions change.

- **Director Transitions**

  New directors bring valuable perspective, and they need a strong foundation in fiduciary responsibility, financial oversight, the cooperative model, and the distinction between governance and operations. Orientation should begin their development, not complete it.

- **Risk of Complacency**

  Some experienced directors have governed through difficult cycles before. That experience can bring steadiness, but it can also create confidence that current challenges will simply blow over. Boards must

learn from history without assuming the next season will follow the same pattern.

- **Ownership Beyond the Transaction**
  Members naturally experience the cooperative through the products, services, and prices they receive. Directors carry a broader responsibility. They must govern for the health of the entire cooperative, consider the needs of current and future members, and make decisions that extend beyond their own transactions with the business.
- **Board and Management Role Clarity**
  Confusion between governance and operations remains a recurring concern, particularly during strategic planning, budgeting, and monthly board meetings. Management should develop recommendations, explain assumptions, and lead the business, while the board sets direction, challenges thinking, approves major plans, and monitors performance. Clear roles allow directors to provide meaningful oversight without stepping into operations.
- **From Previous Months**
  Leadership development, strategic planning, succession, CEO support, member education, cooperative identity, compensation, recruiting, and employee development remain important themes.

These themes are connected. Financial pressure raises the stakes of planning. Board transitions increase the need for education. Complacency delays action. A narrow view of ownership weakens stewardship. Strong governance requires directors and management to understand both the immediate business and the cooperative they are responsible for leaving behind.

Where We Are Headed

The Council is moving from listening and pattern identification toward practical support. Emerging priorities continue to include governance, director development, financial understanding, strategic planning, board and management role clarity, leadership capacity, and the cooperative story.

September: Analysis, Feedback, and Registration

Insights from statewide conversations will be compiled and tested with cooperative leaders. The December director training program has been finalized, and registration details will be shared.

Fourth Quarter: Recommendations, Board Direction, and Director Training

Findings and recommended priorities will be presented to the Council board for discussion and direction. The fourth quarter will also focus on preparing resources and convening directors for practical education that supports stronger governance and better decisions.

Website Launch

The new Colorado Cooperative Council website is going live this week! It will serve as a central point for Council updates, education and training opportunities, registration information, and cooperative resources. Additional content and resources will continue to be added as the Council's priorities and programs develop.

Heads Up: A Budget is NOT a Forecast

A budget and a forecast serve different purposes. Cooperatives need both, especially when conditions are changing.

A budget establishes the financial plan. It translates priorities and operating assumptions into expected revenue, expenses, capital needs, cash requirements, and financial outcomes. It answers: What does the cooperative intend to accomplish, and how will resources be allocated?

A forecast updates what leaders now expect to happen. It incorporates actual results, changing market conditions, harvest expectations, water

concerns, member behavior, and new information. It answers: Based on what we know today, where are we likely to finish?

Variance review connects the two. It helps leaders understand why results differ from the plan, whether the difference is temporary or structural, and what decisions may be required.

Updating a forecast is not an admission that the budget was wrong. It is evidence that leaders are paying attention. The annual budget provides direction; the forecast provides visibility. Together, they allow management and the board to identify pressure early, test assumptions, protect liquidity, and act before circumstances make the decision for them.

Management is responsible for building and maintaining a credible budget and forecast. The board is responsible for understanding the financial plan, challenging assumptions, monitoring risk, and holding management accountable without stepping into management's role.

Directors should be able to ask:

- **What assumptions drive the current budget?**
- **How have harvest, water, market, and member conditions changed those assumptions?**
- **What are actual results now indicating?**
- **What does the current year-end forecast show?**
- **What decisions would be triggered if conditions improve or deteriorate?**
- **How much liquidity and operating flexibility does the cooperative have?**

If management and the board cannot answer these questions, the cooperative may have an approved budget, but it does not yet have a functioning planning process.

Cooperative Exchange: Questions from the Field

Question: How involved should the board be in building the budget?

Insights: Management should build the budget, develop the underlying assumptions, and recommend the operating and capital plans. The board should understand those assumptions, test whether the plans align with strategy and risk tolerance, ask informed questions, and approve the final budget. The board challenges management; it does not become management.

Question: Why forecast if the board has already approved the budget?

Insights: The budget records the plan at a point in time. The forecast incorporates what has happened since then. Comparing actual results with both the budget and the forecast helps leaders distinguish between an original assumption, a changing condition, and an emerging performance issue. Without a forecast, leaders may recognize a problem only after their options have narrowed.

Question: What does it mean for a director to think like an owner?

Insights: A director is elected by members but governs on behalf of the cooperative. Thinking like an owner means looking beyond his/her individual purchase, price, service experience, or personal preference. It requires protecting the cooperative's financial health, understanding member needs, considering future members, and making decisions that support the organization's long-term purpose for the entire member base.

Question: When has an experienced director finished developing?

Insights: Never. Experience provides context, pattern recognition, and judgment, but industries, markets, laws, risks, technology, and member expectations continue to change. Strong directors remain curious enough to question what they know and disciplined enough to keep learning.

Have a question you would like insights on? Just ask, and I will dig in.

Save the Date: 2026 Director Training

We are excited to announce this year's training location and dates!

FLYING HORSE RESORT
COLORADO SPRINGS, CO

- December 14, 2026 - Reception
- December 15, 2026 - Full-day Training & Evening Event
- December 16, 2026 - Half-day Training

When:

The Council has reserved space Monday through Wednesday, with additional schedule, program, and registration details to be announced in September.

Cooperatives interested in holding a monthly board meeting or strategic planning session at Flying Horse on Monday or Thursday are encouraged to reach out. Discounted rates are available for meeting space and hotel accommodations.

What:

This year's training will focus on the director's role in representing the cooperative and communicating its value. Both managers and directors will explore how to build and tell the cooperative story, why that story matters, how cooperative principles guide leadership and decision-making, and the growing role of artificial intelligence in farming and agricultural businesses.

Why:

Ongoing development is not remedial or limited to leaders who are struggling. It is part of responsible stewardship. Difficult seasons make that responsibility more visible, but the need exists in every season.

Additional program and registration details will be shared soon.

Closing

Thank you to those who continue to share candid perspectives, ask difficult questions, and invite the Council into cooperative and customer conversations. Those discussions are helping clarify where financial pressure is building, where leadership practices differ, and where practical support may be most useful.

Leaders cannot control the harvest, water availability, markets, or every challenge their members will face. They can control whether they prepare, understand the financial picture, question assumptions, and keep developing the judgment required to govern well.

Sharpening the sword is not about collecting credentials or creating activity for the sake of activity. It is about becoming better equipped to carry responsibility. For cooperative leaders, that means building the discipline to plan honestly, forecast realistically, challenge constructively, and steward the organization beyond the needs of one season or one individual.

I hope directors and cooperative leaders from across the state will join us in December as we continue that work together.

Respectfully,

Sarah E. Bower Spivey

Executive Director, Colorado Cooperative Council