Director Competencies for the 21st Century

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The Buck Stops Here

The Cooperative Board of Directors

✓ Has the ultimate responsibility and accountability for the company.
✓ Decides the success or failure of the cooperative.
✓ Has the final accountability to the members.
**Duties of Loyalty, Obedience and Due Care & Diligence**

- Thou SHALT be loyal to the cooperative and its members, putting its best interests above your own.

- Thou SHALT honor this office and treat it with the seriousness and respect it deserves.

- Thou SHALT maintain the confidentiality of information and decisions.

- Thou SHALT care about your cooperative and its members, and constantly be looking out for its well being

- Thou SHALT not be in competition with the cooperative you represent or undercut business of your cooperative.
Duties of Loyalty, Obedience and Due Care & Diligence

- Thou SHALT not accept or expect any special privileges.
- Thou SHALT not discuss affairs of the cooperative with employees.
- Thou SHALT avoid conflicts of interest.
- Thou SHALT be an active patron of the cooperative.
- Thou SHALT follow statutes, articles, bylaws and policies.
- Thou SHALT abide by majority decisions resisting only if legally justified.
Board Duties vs. Manager Duties

Boards….
✓ Make idea decisions
✓ Set long term goals
✓ Make long term commitments
✓ Set long range financial policy
✓ Assesses manager and board performance
✓ Handle member/ manager relations

Managers…
✓ Make action decisions
✓ Set short term goals and attainment of long term goals
✓ Make short term commitments
✓ Handle budgets, procurement, production, marketing,
✓ Handle member/employee relations

REMEMBER: STRONG MANAGERS LIKE STRONG BOARDS
Changing Role of the CEO

TODAY’S CO-OP MANAGER…

- Manages multiple locations
- Oversees mid-level managers
- Oversees expansion projects
- Analyzes joint ventures
Skills Needed by the New CEO

✓ Delegation
✓ Leadership
✓ Project Management
✓ Team Building
✓ Conflict Resolution
Board’s Role with the CEO

- Not just a “watch dog” of management but a part of a planning team.
- Understand facility needs and market issues.
- Be able to work with outside consultants
- Encourage and invest in management development.
- Actively plan for management succession.
Board’s Role with Membership & Corporate Governance

- Approval of applications for membership
- Effectiveness of membership meetings
- Process of director selection
- Membership communication
- Membership relations program
- Annual report clearly describes the co-op’s operations and financial status
- Co-op’s financial plan creates an adequate capital base for the co-op’s current and future needs.
Board Responsibilities

- Stewardship
- Active Participation
- Informed Participation
- Compliance
Directors are responsible for

- Hiring and evaluating the GM/CEO
- Setting broad policies and objectives
- Setting long term goals
- Making financial commitments

A director must act in good faith and always in the best interests of the cooperative.
Active Participation

- Attend board and committee meetings
- Attend board training programs
- Participate in discussions
- Maintain confidentiality
- Vote on issues
- Monitor the cooperative’s business activities

A director must devote all necessary time to the cooperative.
Informed Participant

A director has a duty to get informed and stay informed about…

✓ The cooperative’s financial condition
✓ The cooperative’s internal control procedures
✓ The type of business that their cooperative conducts
✓ The codes, laws, and regulations that affect the cooperative.
Compliance

WITH...

✓ Articles of Incorporation
✓ By-Laws
✓ Local, state and federal laws

You are a representative of your cooperative in and out of the board room.
Dynamic Leadership

Good Boards of Directors…
✓ Understand the uniqueness of user-benefit co-ops.
✓ Are mentally aggressive
✓ Ask good questions
✓ Participate in education/training
✓ Value time
✓ Are good decision makers
✓ Are leaders
Good Board Members are Team Players

Board members must work with the entire cooperative team. Not only among themselves but also with the manager, employees, customers and members of that cooperative in order to create success and profit for that company and its members.
Guidelines for appraising the Board’s Own Performance.

- The board evaluation should not be a personal performance review.
- A board assessment evaluates the performance of the board as a whole.
- A board evaluation should provide guidelines for effective board of director performance.
- It should answer the question, “Are we as a board contributing to the co-ops ability to meet its purpose?”
What standards should be set and met by boards during assessment.

✓ Selection Procedure for Directors.
   This procedure should be in the bylaws or in the policy manual.

✓ Duties of Directors.
   Create and adopt a job description if there isn’t one already

✓ Performance of directors.
   This should include attendance but may also include a minimum volume of business or some other requirement.
Steps Assessing the Board

- Obtain commitment by all board members to the process
- Set performance objectives or criteria
- Plan the process and gather the information
- Discuss and interpret data
- Develop a follow-up plan
- Identify areas for change and set goals.
Who Should Evaluate the Board of Directors?

- Board members themselves
- A committee of the board
- A non-board committee
- An outside consultant

Note:

Management may be used but it can be hard for an employee of the board to be fair and objective in evaluating the performance of the board.
What to Evaluate?

- Membership accountability and governance
- Board operations
- Legal responsibilities
- Financial overview
- Planning
- Board-Management Relations
“(boards) recognize that the success of any business ultimately depends upon the capacity of its directors to provide the vision and direction needed not only to survive but to develop and prosper. Therefore, make a commitment to develop the capacity of the board of directors to improve both their personal and collective contributions to the overall development of the business. “

-Plunkett Foundation 1994 Report
Strong Managers Like Strong Boards!!

And

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