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Assessing Performance and Needs of Cooperative Boards of Directors



Abstract

This report provides tools for assessing cooperative boards of directors. It contains information and exercises in assessing a board in three ways: (1) director's self-assessment (assesses seven areas related to a director's responsibilities and duties), (2) assessing the cooperative board as a single entity (assesses how well directors work together), and (3) assessing board meetings (measuring the productivity and effectiveness of meetings).

Cooperative boards can use assessments to identify problem areas and weaknesses and subsequently devise programs, plans, and training methods to remedy them. An assessment should be conducted regularly. Improvements should be made and progress tracked.

Keywords: directors, responsibilities, assessment, weaknesses, improvement

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Preface

The cooperative board of directors—the connecting link between members and hired management—is an extremely important body in the makeup of a cooperative. Elected by members, directors are charged with setting the cooperative's policy and objectives and setting the course it will follow in achieving those objectives.

Directors must be well versed in many critical areas. Directors come from diverse backgrounds, abilities, and experience levels, but most find the many responsibilities challenging. Serious directors find their role to be an ongoing learning process, whether board veterans or newly elected. Dynamic changes in agriculture and cooperative structure make being a director all the more challenging. To keep primed in carrying out their functions, directors should regularly assess their performance and abilities in search of improvement.

This report helps directors assess their individual abilities and areas for improvement, how well the board performs as a body and how it can improve, and the productivity and effectiveness of board meetings. Assessments will help spot problem/weak areas needing improvement. In some cases, formal training may be necessary. In others, it may simply take some reading or tutoring. Improvements will flow from regular assessments.

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Directors are responsible for governing their cooperatives by acting in concert as a board to set policy, oversee operations, and make top-level directional decisions affecting the welfare of the cooperative and its members. The board of directors exercises general supervision and control over the business and affairs of the cooperative. The specifics are usually established in the organizational bylaws. Each director's understanding of and ability in his/her role in the governance process influences the effectiveness of a board.

An effective board is a key ingredient in a healthy and successful cooperative. When a board is less than fully effective, the problem can be traced to four causes—lack of qualified and experienced individuals; inadequate or ineffective nominating procedures; conflicts between board and management; and absence of effective board orientation and training.

Comprehensive and well-carried-out board and director assessment exercises can ensure that these four detriments to effectiveness can be avoided. Assessment activities lead to identifying and correcting problem areas (relating to director performance and abilities), and thus, to improving the board.

This report shows directors how to conduct three different assessments directly tied to their responsibilities and duties: 1) director self-assessment; 2) full board assessment; and 3) board meeting assessment. Exercises in each of these areas are discussed in the text. Actual exercises follow the text.

In developing assessment exercises, it is important to review the various responsibilities and specific duties directors must perform. Directors need to have a full understanding of these to effectively assess their performance and abilities.

Director Responsibilities and Duties

In RBS Cooperative Information Report 55, Co-ops 101: An Introduction to Cooperatives, Frederick indicates that directors, acting as a group, are responsible for setting the objectives for the cooperative and making decisions that set the course it will follow to achieve those objectives. Ten broad managerial decisions the board makes are identified:

- Hire a competent manager, determine the salary, outline the duties and authority of the position, and formally review his/her performance at least annually.
- Adopt broad, general policies to guide the manager.
- Develop and adopt long-range business strategies.
- Require written monthly financial reports and operating statements for board meetings to be informed of adverse as well as favorable operations.
- Direct the manager to prepare, before the close of each year, an operating budget for the next fiscal year for board approval.
- Employ a qualified auditor to make an independent audit at least once each year.
- With the aid of the manager, plan and conduct the annual meeting to keep membership informed about the status of their business, including operations, finances, and policies.
- Determine the patronage refund allocation and per-unit retain level.
- Assure competent legal counsel is available.
- Keep a complete record of the board's actions.

Here are other more specific duties directors are asked to perform:

- Determine the boundaries of districts, divisions, and locations of operations of offices.
- Approve or disapprove major capital expenditures.
- Establish the financial structure and authorize any basic changes.
- Establish appropriate election and voting procedures to maintain accurate representation of members, including filling vacancies on the board or any other corporate body, committee, or organization that results from such things as resignation, death, or disqualification.
- Decide what the appropriate relationship should be with other cooperatives and associated organizations.
- Determine corporate membership in other organizations, associations, and federations.
- Establish the responsibilities and duties assigned to individual division boards and the individual committees.
- Establish basic policies about legislative or administrative decisions on local, State, national, and international levels that affect the welfare of the member-producer.

A director should not expect to receive special favors from the manager or employees. A director does not:

- Act independently on matters that should be decided by the entire board
- Represent special interests, factions, or political entities.

Directors conduct these duties and responsibilities on their own, during board meetings, and in membership meetings. Directors need to learn and carry out these necessary tasks and functions. In addition, directors need to have an in-depth understanding of cooperatives and the many associated issues. Review "A Director's Pledge" listed later in the text. It highlights many of a director's tasks.

Cooperatives are increasingly developing written director job descriptions which distinctly outline responsibilities and duties. The director is required to sign the description and work to fulfill the expected requirements.

Director Assessments

Director assessments must be tied to associated responsibilities and duties. Merely looking at sound cooperative financial statements (or poor ones) and pronouncing themselves effective (or ineffective) misses the point. Directors have many duties to fulfill and

financial results in a given time period do not provide a complete assessment. Cooperatives need to conduct full-fledged assessment exercises. Such tools are often overlooked by cooperatives, but they are important and need to be used, in some capacity, by all boards of directors.

Each of the three subsequent assessment discussions refers to a comparable exercise in the back of the report. They outline a number of items (i.e., statements) to be assessed. Some cooperatives may find it advantageous to modify the items to better fit their individual circumstances, operations, organization, or policies. Others may prefer to use different rating and results analysis systems than those proposed in the exercises.

Director Self-Assessment

Director self-assessment can be a very useful tool. Directors elected to the board are often not fully trained or completely able to perform the many duties required. A learning curve is involved. Gaining necessary experience takes time. However, directors who lack experience and ability can lessen the time needed to gain pertinent knowledge and ability by completing a self-assessment exercise and then diligently working on areas that need improvement. Even experienced directors could use improvement in certain areas. The challenge is to take the initiative to identify such weaknesses and seek improvements.

Exercise 1 offers a director self-assessment. Many of the statements included were gleaned from work by Harold Chapman (*The Contemporary Director: A Handbook for Elected Officials of Co-operatives, Credit Unions, and Other Organizations*). Exercise 1 has two parts. Part I is an objective candid rating of a number of director functions/duties/abilities under seven different areas—personal competence, board operations, managerial aspects, finance, policies and planning, member relations, and leadership. Part II summarizes director ratings and provides ideas on how to improve self-diagnosed weaknesses.

The board should consider discussing some of the major weaknesses identified from the self-assessments to surface ideas for improvement programs. Sometimes, a single program can alleviate a problem area identified by a number of directors.

While a committee to summarize individual results into one composite report isn't essential in this assessment exercise, the board should track director needs and the types of training used. Such information will be useful in future assessments and training programs.

Every director should complete and use the self-assessment once he or she has participated in several board meetings and has had a chance to become familiar with his or her duties and responsibilities. It is difficult to mandate a specific time interval for directors to provide self assessments. A specific schedule isn't necessarily the key to improving performance.

The key is to conduct the self-assessment and then actively monitor results. Then it becomes an active instrument for measuring progress during the course of a director's tenure. Directors should regularly look at their assessment while keeping an open mind on areas to improve, even beyond areas specified in the assessment. Most directors will be able to clearly see where they've made progress or need further improvement. However, a director should feel free to take a new self-assessment at any time. Learning to be a competent director is a continuing process and that's the goal of a self-assessment exercise.

Assessing the Entire Board

The next needed assessment is to determine how well the full board functions in concert as the cooperative's governing body and what areas need improvement.

There are many issues to address during a full assessment that are associated with the board's major responsibilities. Items will vary from one cooperative to another although many basic issues are relevant to all cooperatives. A full board assessment needs to answer four basic questions:

- What are the areas of strength?
- What are the areas of weakness?
- How well are directors carrying out required duties?
- How can the board improve its performance and be more effective?

Every director must participate in a full board assessment so that all opinions are gained. By combining individual views, the board needs to take a holistic approach to developing a full-board improvement program.

Exercise 2, a sample full full-board assessment, can be adopted as is or modified to better suit the individual cooperative. The basis of the items included in Part I of Exercise 2 is an article in *American Cooperation* 1990 ("Effective Board of Director Evaluation" by Joe Barrett, retired regional manager of the former Indiana Farm Bureau Association, Inc.). The article identified key performance areas directors need to evaluate: planning, operations, finance, members,

director development, general manager, and public relations. Statements under those headings are included in Part I of Exercise 2.

The first three parts of this assessment relate to the physical process and analysis while the fourth part is the board's discussion of the results and developing action plans to improve performance.

The assessment process of Exercise 2 has three parts. In Part I, directors objectively rate the board's performance in a series of areas under seven headings. In Part II, directors review their assessment form and summarize rated items. The director is then asked to provide ideas or strategies the board can use to improve noted weak areas.

A board committee or outside objective party appointed by the board completes Part III of Exercise 2. This summarizes all the director assessment information. A report is developed for use by the board.

A table is provided in Part III to ease the summary. The report should list duty/responsibility items and how they were rated. The summary identifies items rated lowest, followed by the next lowest. The board can then discuss the report's weakest areas and develop plans for improvement.

Not only will follow-up assessments at future intervals identify or expose new weaknesses, but they will test whether directors feel that improvement has been made in areas previously considered weak. Assessment exercises should be completed annually. The review helps the board evaluate its success in previously identified improvement areas and adopt actions to improve new problem areas.

Assessing Board Meeting Productivity

Cooperative directors, with their extensive responsibilities and associated duties, are also busy operating their own farm enterprises or involved in other career jobs. Time available to prepare for and attend board meetings is scarce for most directors. Much time can be wasted and little accomplished during board meetings if they are not effectively conducted. Well planned and conducted meetings make the most efficient use of time in accomplishing necessary tasks.

Assessing board meeting productivity can be a very useful exercise. Improving weak areas will make meetings more productive, effective, and enjoyable. Each director should complete a board meeting assessment. The manager may also participate. The manager plays an active part during board meetings and may identify problem areas overlooked by directors.

A number of important areas should be assessed—use of an agenda, procedural conduct, use of review materials, chairman performance, time management, committee reporting, use of board meeting minutes, and discussion participation.

The two parts of Exercise 3 provide a system for board meeting assessment. Part I involves directors (and possibly the manager) assessing a series of meeting attributes. While some of the statements are similar to those in the full-board assessment, they also apply to board meeting productivity.

Part II summarizes individual assessments by identifying problem areas and providing ideas for improvement. In Part III, an appointed board committee (or outside party) analyzes all the individual assessments and consolidates them into a summary report. A summarization table (similar to Part III of Exercise 2) is used for analyzing assessments. Once the summary report is presented to the board, discussion can begin on ways to improve meeting productivity.

The assessment needs to be conducted on a specific schedule because board membership periodically changes. What worked well with one board might not fit another. Evaluation should be conducted at least annually and results compared to the previous assessments to measure progress.

This same process could be followed for meetings of the various committees, especially if some members feel those meetings could be more productive.

Improving Weaknesses

The major goal behind these assessment exercises is not only to evaluate individual director and board effectiveness, as well as meeting productivity, but also to find ways that directors and boards can improve their performance.

Informal training may be sufficient. Some improvements may be made by simply providing the director(s) with pertinent reading materials or some type of individual or group tutoring. Directors can also help each other. Experienced, effective directors can be a valuable resource for some types of director training. Management may also participate in tutoring certain areas.

Formal training may be required also. Director training workshops are an easy way to target numerous weakness areas and teach a number of directors in one setting. Many workshops have been held in various locations and times over the years. Workshops may be organized and implemented by State, regional, and national cooperative organizations or educational institutions. For example, State or regional cooperative

councils and centers often provide this service. Representatives of State departments of agriculture and governmental agencies such as USDA and university personnel also become involved. Other classes, conferences, and seminars with director training components are also held periodically by cooperative-related institutions.

Cooperative boards need to proactively identify weaknesses and implement appropriate methods for correction. To do so, they need to seek necessary resources and take advantage of materials, programs, classes, workshops, conferences, seminars, and other educational activities.

Summary

Directors have major responsibilities and duties related to the cooperative's current and future performance and position and ongoing service and benefits to members. Directors wear many hats in fulfilling their obligations. In some cases, director job descriptions may be used to precisely outline responsibilities and duties.

Directors must clearly know their expectations and be able to assess where they have weaknesses that need addressing. Assessment may be somewhat difficult for directors because it requires making decisions about themselves, but they need to accept that responsibility. Director and board assessments effectively identify problem areas and weaknesses that can be improved. Directors must be candid and take assessments seriously. They must work hard to make improvements and then monitor their progress.

This report provides information and exercises for cooperatives to use in developing assessment plans. Three exercises are included. Exercise 1 is a director self-assessment, Exercise 2 is a full board of directors assessment, and Exercise 3 is for a board meeting assessment. Use of all three can lead to an improved board and better performing cooperative.

With active assessment programs, cooperative boards can seek information and training in needed areas. There are numerous resources available to cooperatives. Director training workshops are held or can be developed. Many informational/educational materials also are available. USDA's Rural Business-Cooperative Service provides many related publications and materials in that regard. Ask for free reports catalog CIR 4 or visit the RBS Website: <http://www.rurdev.usda.gov/rbs/pub/cooprpts.htm>. Other cooperative-oriented organizations also have

available resources. Cooperative boards must seek out such resources and make available materials and training that will help lead to improved director and board performance.

Exercise 1—Director’s Self-Assessment

Each director should complete Part I and Part II of this exercise. Next, the board should discuss where training is needed and how it can be accomplished. Directors should make this document a working instrument for guiding continued progress and development.

Exercise 1, Part I—Rating Director Attributes

Seven areas corresponding to director responsibilities are included in this assessment—personal competence, board operations, managerial aspects, finance, policies and planning, member relations, and leadership.

Rate each applicable item using the following system:

Y— Yes, this is not a problem.

U—I feel unsure about this and could use some improvement or training.

N—No, I need improvement or training.

Personal Competence

Circle one

- | | | | |
|--|-----|-----|-----|
| 1. I am able to assess my personal training needs for my role as a director. | (Y) | (U) | (N) |
| 2. I fully understand the role (responsibilities and duties) of a director and feel competent to fulfill it. | (Y) | (U) | (N) |
| 3. I am able to contribute to the productivity of meetings as an effective participant. | (Y) | (U) | (N) |
| 4. I am able to attend board and committee meetings and am on time (emergencies being exceptions). | (Y) | (U) | (N) |
| 5. I am able to effectively inform members and the public of the purposes, structure, financing, services, legal framework, and operations of the cooperative. | (Y) | (U) | (N) |
| 6. I am able to listen and speak effectively with individuals and groups. | (Y) | (U) | (N) |
| 7. I am able to prepare and present written and oral reports. | (Y) | (U) | (N) |
| 8. I am able to prepare plans for carrying out activities and measure results. | (Y) | (U) | (N) |
| 9. I am able to do my part in directing the affairs of the cooperative consistent with its bylaws, articles of incorporation, and other relevant regulations and statutes. | (Y) | (U) | (N) |
| 10. I am knowledgeable about the potential liabilities of being a director. | (Y) | (U) | (N) |

Board Operations

- | | | | |
|---|-----|-----|-----|
| 11. I am able to work well with other directors and the management team. | (Y) | (U) | (N) |
| 12. I fully understand the procedures for appointing of officers. | (Y) | (U) | (N) |
| 13. I am able to plan, prepare, and participate to maximize group participation in board decisions. | (Y) | (U) | (N) |

- | | | | |
|---|-----|-----|-----|
| 14. I am able to participate as a member or chairman of a committee. | (Y) | (U) | (N) |
| 15. I am able to effectively communicate my opinions and feelings to the board | (Y) | (U) | (N) |
| 16. I am able to participate in all important board discussions and fully represent my member constituents. | (Y) | (U) | (N) |
| 17. I am able to analyze and recommend appropriate per diem, travel, and sustenance allowances for directors. | (Y) | (U) | (N) |

Managerial Aspects

- | | | | |
|--|-----|-----|-----|
| 18. I am able to help establish the job description for the general manager, including the specific duties and responsibilities. | (Y) | (U) | (N) |
| 19. I am able to participate in the recruitment, selection, and hiring of a general manager. | (Y) | (U) | (N) |
| 20. I am able to participate in a performance review and appraisal of the general manager. | (Y) | (U) | (N) |
| 21. I am able to participate in establishing compensation for the general manager. | (Y) | (U) | (N) |

Finance

- | | | | |
|---|-----|-----|-----|
| 22. I am able to define financial objectives and develop policies to guide capital and operational financial decisions. | (Y) | (U) | (N) |
| 23. I am able to analyze and approve capital expenditure plans. | (Y) | (U) | (N) |
| 24. I am able to interpret the cooperative's financial statements and assess the viability of the cooperative. | (Y) | (U) | (N) |
| 25. I am able to understand financial ratios and analyze trends. | (Y) | (U) | (N) |
| 26. I am able to analyze budget proposals and approve the annual budget. | (Y) | (U) | (N) |
| 27. I am able to analyze proposals and participate in discussions on major financial matters. | (Y) | (U) | (N) |
| 28. I am able to compare actual financial performance to the budget. | (Y) | (U) | (N) |
| 29. I am able to analyze and participate in decisions involving the distribution of net savings or losses. | (Y) | (U) | (N) |
| 30. I am able to understand and analyze the cooperative's financial investments. | (Y) | (U) | (N) |
| 31. I am able to explain the cooperative's financial position to others when required. | (Y) | (U) | (N) |
| 32. I am able to explain the cooperative's equity redemption program to members. | (Y) | (U) | (N) |
| 33. I am able to analyze equity redemption requests and establish redemption policy. | (Y) | (U) | (N) |

Policies and Planning

- | | | | |
|--|-----|-----|-----|
| 34. I am able to help establish objectives and policies for operations and services of the cooperative. | (Y) | (U) | (N) |
| 35. I am able to appraise the adequacy of operations and services of the cooperative. | (Y) | (U) | (N) |
| 36. I am able to understand feasibility studies and analyze proposed changes and their implications for long-term operations and member service. | (Y) | (U) | (N) |
| 37. I am able to analyze and approve annual plans for services, operations, and facilities. | (Y) | (U) | (N) |
| 38. I understand the cooperative's planning system and actively participate in it. | (Y) | (U) | (N) |
| 39. I am able to develop objectives in line with member needs and the cooperative's resource base and operations. | (Y) | (U) | (N) |
| 40. I am able to participate in brain-storming discussions and provide ideas/strategies relevant to the cooperative's objectives. | (Y) | (U) | (N) |
| 41. I am able to evaluate the effectiveness of plans. | (Y) | (U) | (N) |

Member Relations

- | | | | |
|---|-----|-----|-----|
| 42. I am able to analyze proposals and approve a program and budget for member and public relations in the cooperative. | (Y) | (U) | (N) |
| 43. I am able to evaluate the effectiveness of the member relations program. | (Y) | (U) | (N) |
| 44. I am able to communicate well with members. | (Y) | (U) | (N) |
| 45. I am able to say no to members in a firm yet tactful manner if the situation warrants it. | (Y) | (U) | (N) |
| 46. I am able to represent the cooperative at public functions when requested. | (Y) | (U) | (N) |
| 47. I am able to receive ideas and expressions of concern from members and initiate appropriate action on their behalf. | (Y) | (U) | (N) |
| 48. I am able to analyze and approve objectives, policies, and strategies for maintaining effective relations with the public, other cooperatives, and governmental agencies. | (Y) | (U) | (N) |
| 49. I am able to encourage members to attend annual and other meetings of the cooperative. | (Y) | (U) | (N) |
| 50. I am able to establish guidelines for and approve the annual report to the membership. | (Y) | (U) | (N) |
| 51. I am able to assist in planning the annual meeting program to maximize member involvement and input. | (Y) | (U) | (N) |

52. I am able to analyze and make decisions on membership applications.	(Y)	(U)	(N)
Leadership			
53. I am able to inform others of the history, values, principles, organization, and functioning of the cooperative.	(Y)	(U)	(N)
54. I am able to actively support and promote cooperative activity in the community.	(Y)	(U)	(N)
55. I actively patronize the cooperative.	(Y)	(U)	(N)
56. I fully understand the qualifications for board leadership positions.	(Y)	(U)	(N)
57. I keep attuned to agricultural, business, and environmental issues and seek to be knowledgeable in all issues and concerns affecting the cooperative.	(Y)	(U)	(N)
58. I take my role of director seriously and work to improve my performance.	(Y)	(U)	(N)
59. I do my best to help my fellow directors and members when asked.	(Y)	(U)	(N)
60. I understand that when the discussion and decision of an issue is completed, I am responsible for supporting the board's majority's decision.	(Y)	(U)	(N)
61. I elicit feelings of confidence, trust, and respect from fellow members.	(Y)	(U)	(N)

Exercise 1, Part II-Director's Self-Assessment Summary

Summarize your ratings by completing the following:

Items (by number) receiving Y ratings include: _____

Items receiving U ratings include: _____

Items receiving N ratings include: _____

Identify the items/areas in which you feel you need the most training/improvement and, if possible, provide some ideas/strategies on how to improve.

Item No. __ Improve by _____

Item No. __ Improve by _____

Item No. __ Improve by _____

Item No. __ Improve by _____

Item No. __ Improve by _____

Item No. __ Improve by _____

Item No. __ Improve by _____

Item No. __ Improve by _____

Item No. __ Improve by _____

Use more sheets if necessary

Exercise 2—Full Board of Directors Assessment

This exercise has three parts. Each director completes Part I and Part II. An assessment results committee completes Part III. Once all three parts are completed, the board discusses the results and decides on a plan by which to move forward toward improved performance.

Exercise 2, Part I—Rating Board Performance Areas

These assessment statements are categorized into seven overall board/cooperative functions—policies and planning, board and cooperative operations, finance, member relations, director development, general manager, and public relations.

Rate each item by using the following guideline:

Y— Yes, the board fulfills this responsibility well and needs no improvement.

U—Uncertain, the board's performance seems to be okay, but could be improved.

N—No, the board's performance is inadequate and improvement is needed.

Policies and Planning

Circle One

- | | | | |
|---|-----|-----|-----|
| 1. Board policies have been reviewed within the past fiscal year. | (Y) | (U) | (N) |
| 2. Board policies have been updated within the past 3 years. | (Y) | (U) | (N) |
| 3. A 3-year operating and financial plan is reviewed, updated, and approved annually. | (Y) | (U) | (N) |
| 4. The mission statement, major goals, specific objectives, and strategies have been reviewed within the past fiscal year. | (Y) | (U) | (N) |
| 5. The board regularly discusses business, environmental, and agricultural changes and potential implications on the cooperative. | (Y) | (U) | (N) |
| 6. The mission statement, major goals, and overall strategies have been reviewed and updated within the last 3 years (long-range strategic planning). | (Y) | (U) | (N) |

Board and Cooperative Operations

- | | | | |
|---|-----|-----|-----|
| 7. An organizational chart has been established and updated for the board and the cooperative. | (Y) | (U) | (N) |
| 8. Both organizational charts have been reviewed within the past year. | (Y) | (U) | (N) |
| 9. Position descriptions have been prepared for each board officer and the standing committees. | (Y) | (U) | (N) |
| 10. Position descriptions have been reviewed during the past year and revised as necessary. | (Y) | (U) | (N) |
| 11. Board reorganization meetings are held immediately after the annual meeting. | (Y) | (U) | (N) |
| 12. Standing committee appointments are made within 30 days after the annual meeting. | (Y) | (U) | (N) |

- | | | | |
|---|-----|-----|-----|
| 13. A calendar of board activities is prepared and a copy is given to each director. | (Y) | (U) | (N) |
| 14. Every director and the manager have a copy of the current board handbook. | (Y) | (U) | (N) |
| 15. All personnel, operating policies, and bylaws are reviewed annually and revised if necessary. | (Y) | (U) | (N) |
| 16. All directors have signed statements indicating "No Conflict of Interest." | (Y) | (U) | (N) |
| 17. Issues about the quality and adequacy of services and products to members are given as much time as financial considerations. | (Y) | (U) | (N) |
| 18. The general manager clearly explains financial and technical reports related to operations at each meeting. | (Y) | (U) | (N) |
| 19. The board works well as a unit with commitment toward common goals. | (Y) | (U) | (N) |

Finance

- | | | | |
|---|-----|-----|-----|
| 20. Credit, borrowing, and other financial policies are reviewed annually. | (Y) | (U) | (N) |
| 21. Capital and operating budgets are approved annually. | (Y) | (U) | (N) |
| 22. Selected financial ratio goals are established and reviewed monthly. | (Y) | (U) | (N) |
| 23. Reports comparing "actual" to "budget" are reviewed each month. Exceptions are defined and explained. | (Y) | (U) | (N) |
| 24. Insurance and bonding programs are reviewed and updated annually. | (Y) | (U) | (N) |
| 25. Audit report is received and reviewed in detail. | (Y) | (U) | (N) |

Member Relations

- | | | | |
|---|-----|-----|-----|
| 26. Standing committee responsibilities are rotated among all directors | (Y) | (U) | (N) |
| 27. Membership applications are reviewed, approved, and correctly filed. | (Y) | (U) | (N) |
| 28. Member orientation sessions are conducted. | (Y) | (U) | (N) |
| 29. Content of membership meetings has good balance between past and future operations and performance. | (Y) | (U) | (N) |
| 30. Discussion and participation are encouraged at membership meetings. | (Y) | (U) | (N) |
| 31. A nominating committee seeks new director candidates. | (Y) | (U) | (N) |
| 32. The board represents the membership—districts/regions are accurately drawn. | (Y) | (U) | (N) |
| 33. Policies for electing delegates and directors are followed. | (Y) | (U) | (N) |

34. A system is in place so that members can express needs and have them discussed by the board.	(Y)	(U)	(N)
35. An aggressive member relations and education program is approved and budgeted.	(Y)	(U)	(N)
36. A membership newsletter is regularly published.	(Y)	(U)	(N)
37. Membership surveys are conducted as needed.	(Y)	(U)	(N)
38. Each member has a copy of the bylaws, including current revisions.	(Y)	(U)	(N)
39. Each member receives an annual financial report.	(Y)	(U)	(N)
Director Development			
40. Available director training programs are reviewed.	(Y)	(U)	(N)
41. Each director completes a self-assessment and identifies training needs.	(Y)	(U)	(N)
42. An annual plan for director training is established and budgeted.	(Y)	(U)	(N)
43. Every director participates in at least one annual training program.	(Y)	(U)	(N)
44. All new directors participate in an annual orientation program.	(Y)	(U)	(N)
General Manager			
45. The board approves a written job description for the general manager detailing goals, objectives, expected duties, and performance elements.	(Y)	(U)	(N)
46. Each year the board evaluates the performance of the manager in a formal session based on the identified performance elements.	(Y)	(U)	(N)
47. The manager's compensation package is reviewed and approved annually.	(Y)	(U)	(N)
48. A training plan for professional improvement of the staff is developed by the manager and approved by the board.	(Y)	(U)	(N)
Public Relations			
49. Lines of communication and coordination are established with other cooperatives.	(Y)	(U)	(N)
50. Contacts with community and governmental agencies, businesses, and associations are maintained.	(Y)	(U)	(N)
51. The board is aware of economic and legislative activities of local, State, and Federal Governments.	(Y)	(U)	(N)
52. The board actively works to promote a positive image of the cooperative and the community.	(Y)	(U)	(N)

Exercise 2, Part II-Director's Individual Board Assessment Summary

Review rating sheets of Part I and identify the following (identify by item number):

Items (by number) receiving a Y rating: _____

Items receiving a U rating: _____

Items receiving an N rating: _____

Ideas on how to improve items rated with an N :

Ideas on how to improve items rated with a U :

Additional comments (items felt to be missing, etc.)

Use more sheets if necessary

Exercise 2, Part III—Overall Board Assessment Summary

Completed by a committee or outside party. Review each director’s assessment forms (Parts I and II) and tally Y, U, and N ratings for each item. Then prioritize items by the number of Ys, Us, and Ns they receive. Some intuition will be needed as some items may get a conflicting distribution of the three ratings.

	Number of Ys	Number of Us	Number of Ns
Policies and Planning			
<u>Item1</u>			
<u>Item2</u>			
<u>Item3</u>			
<u>Item4</u>			
<u>Item5</u>			
<u>Item6</u>			
Board and Coop. Operations			
<u>Item7</u>			
<u>Item8</u>			
<u>Item9</u>			
<u>Item10</u>			
<u>Item 11</u>			
<u>Item12</u>			
<u>Item13</u>			
<u>Item14</u>			
<u>Item15</u>			
<u>Item16</u>			
<u>Item17</u>			
<u>Item18</u>			
<u>Item19</u>			
Finance			
<u>Item20</u>			
<u>Item21</u>			
<u>Item22</u>			
<u>Item23</u>			
<u>Item24</u>			
<u>Item25</u>			
Member Relations			
<u>Item25</u>			
<u>Item26</u>			
<u>Item27</u>			
<u>Item28</u>			

	Number of Ys	Number of Us	Number of Ns
<u>Item29</u>			
<u>Item30</u>			
<u>Item31</u>			
<u>Item32</u>			
<u>Item33</u>			
<u>Item34</u>			
<u>Item35</u>			
<u>Item36</u>			
<u>Item37</u>			
<u>Item38</u>			
<u>Item39</u>			
Director Development			
<u>Item40</u>			
<u>Item41</u>			
<u>Item42</u>			
<u>Item43</u>			
<u>Item44</u>			
General Manager			
<u>Item45</u>			
<u>Item46</u>			
<u>Item47</u>			
<u>Item48</u>			
Public Relations			
<u>Item49</u>			
<u>Item50</u>			
<u>Item51</u>			
<u>Item52</u>			

With the table completed, analyze and summarize the ratings and complete the following:

Items (by number) receiving the most N ratings: _____

Items receiving the most U ratings: _____

Other items (missing above) receiving a mix of Y, U, and N ratings that should be considered:

Write the description of items that are of greatest concern:

Item (# and description) _____
Item _____
Item _____
Item _____
Item _____
Item _____
Item _____
Item _____

Review and summarize directors' written comments and ideas on how to improve identified areas.

Item No. __ Improve by _____

Item No. __ Improve by _____

Item No. __ Improve by _____

Item No. __ Improve by _____

Item No. __ Improve by _____

Item No. __ Improve by _____

Item No. __ Improve by _____

Item No. __ Improve by _____

Item No. __ Improve by _____

Use more sheets if necessary

Exercise 3—Board Meeting Productivity Assessment

This exercise has three parts. Each director completes Part I and Part II. An assessment results committee or outside party completes Part III. Once all three parts are completed, the board discusses the results and develops a plan for improved meeting performance.

Exercise 3, Part I—Rating Meeting Attributes

Rate every item below using the following system:

Y— Yes, no improvement needed.

U—Uncertain, could be better.

N—No, improvement is a must.

Circle One

- | | | | |
|---|-----|-----|-----|
| 1. The meeting agenda and required review materials (management reports, committee reports, financial reports, other materials, etc.) are sent to directors prior to the meeting to provide ample time for review (e.g., 7 days ahead of time). | (Y) | (U) | (N) |
| 2. Major topics, items for discussion, and timing of such issues are organized and identified on the agenda. | (Y) | (U) | (N) |
| 3. Meeting conditions are adequate (comfortable seating and room temperature and adequate lighting so all directors can make eye contact with each other). | (Y) | (U) | (N) |
| 4. All directors are prepared for the meeting (they review the required prepared materials ahead of time). | (Y) | (U) | (N) |
| 5. The chairman opens and adjourns the meeting promptly at the scheduled times. | (Y) | (U) | (N) |
| 6. The chairman keeps the meeting moving according to the agenda and in accordance with correct parliamentary procedure given cooperative policies. | (Y) | (U) | (N) |
| 7. Agenda changes are discussed and approved by the board. | (Y) | (U) | (N) |
| 8. Enough time is allowed for discussion and action of each agenda item. | (Y) | (U) | (N) |
| 9. The chairman guides the discussion, encourages comment from all directors, and keeps the discussion focused on the topic. | (Y) | (U) | (N) |
| 10. Just before adjournment, a summary of the business conducted is reviewed. | (Y) | (U) | (N) |
| 11. Clear and concise board meeting minutes of each meeting are prepared, presented, and accepted or modified according to board policy. | (Y) | (U) | (N) |
| 12. Cooperative employees and staff are occasionally invited by the general manager to provide technical support. | (Y) | (U) | (N) |
| 13. Committees report to the board at appropriate times. | (Y) | (U) | (N) |
| 14. Chairman allows for questions from committee members. | (Y) | (U) | (N) |

- | | | | |
|--|-----|-----|-----|
| 15. The board has an "open door" policy for regular meetings. Any member may attend (except when the board is in executive session). | (Y) | (U) | (N) |
| 16. Attendance is taken at meetings (every director should attend at least 90 percent of scheduled board meetings). | (Y) | (U) | (N) |
| 17. Chairman is informed in advance when directors plan to be absent from a regularly scheduled meeting. | (Y) | (U) | (N) |
| 18. Each director participates and contributes to discussions during board meetings; a minority of directors does not control most discussion. | (Y) | (U) | (N) |
| 19. Directors are courteous toward each other, management, and guests. | (Y) | (U) | (N) |
| 20. During long meetings, breaks are used to avoid disruptions in procedure | (Y) | (U) | (N) |
| 21. Time is scheduled for a board executive session, if required. | (Y) | (U) | (N) |

Exercise 3, Part II-Director's Individual Meeting Assessment Summary

Summarize ratings by completing the following:

Items (by number) receiving a Y rating: _____

Items receiving a U rating: _____

Items receiving an N rating: _____

List the items (by number) you feel are of the greatest concern and provide some ideas/strategies for how to improve them:

Item No. __ Improve by _____

Item No. __ Improve by _____

Item No. __ Improve by _____

Item No. __ Improve by _____

Item No. __ Improve by _____

Item No. __ Improve by _____

Item No. __ Improve by _____

Item No. __ Improve by _____

Item No. __ Improve by _____

Use more sheets if necessary

Exercise 3, Part III—Overall Meeting Assessment Summary

Go through each director’s assessment forms (Parts I and II) and tally the Y, U, and N ratings for each item. Prioritize items by the number of Ys, Us, and Ns they receive. Some intuition will be needed as some items may get a conflicting distribution of the three ratings.

	Number of Ys	Number of Us	Number of Ns
<u>Item 1</u>			
<u>Item 2</u>			
<u>Item 3</u>			
<u>Item 4</u>			
<u>Item 5</u>			
<u>Item 6</u>			
<u>Item 7</u>			
<u>Item 8</u>			
<u>Item 9</u>			
<u>Item 10</u>			
<u>Item 11</u>			
<u>Item 12</u>			
<u>Item 13</u>			
<u>Item 14</u>			
<u>Item 15</u>			
<u>Item 16</u>			
<u>Item 17</u>			
<u>Item 18</u>			
<u>Item 19</u>			
<u>Item 20</u>			
<u>Item 21</u>			
<u>Item 22</u>			

With the completed table, analyze and summarize the ratings and complete the following:

Items (by number) receiving the most N ratings: _____

Items receiving the most U ratings: _____

Other items (missing above) receiving a mix of Y, U, and N ratings that should be considered:

Discuss summary of ratings and identify the items of greatest concern:

Item (no. and name) _____

Item (no. and name) _____

Item (no. and name) _____

Item (no. and name) _____

Item (no. and name) _____

Item (no. and name) _____

Item (no. and name) _____
Item (no. and name) _____

Review directors written comments and summarize their thoughts on how to improve identified areas.

Item No. __ Improve by _____

Item No. __ Improve by _____

Item No. __ Improve by _____

Item No. __ Improve by _____

Item No. __ Improve by _____

Item No. __ Improve by _____

Item No. __ Improve by _____

Item No. __ Improve by _____

Item No. __ Improve by _____

Item No. __ Improve by _____

Item No. __ Improve by _____

Use more sheets if necessary

A Director's Pledge

I pledge to do my best for the cooperative that has elected me to serve in a position of honor and trust. (Source: Lintner and Ingraham)

I will:

- Be honest and diligent.
- Place the interests of the cooperative above my own personal interests.
- Give as careful attention to the affairs of the cooperative as I give to my own business/job.
- Give the necessary time to board meetings and other deliberations.
- Study the business and problems of the cooperative, and the broader issues that affect its welfare
- Strive for continued and increased efficiency in all areas of the cooperative's operations and governance.
- Be prompt and attentive at all meetings of the directors so that there is no loss of valuable time.
- Be an independent and careful thinker, expressing my honest opinions, and not be merely a rubber stamp.
- Be open-minded and a team player and recognize that the individual views of board members do not always prevail.
- Remember that the majority rules and the minority must fall in line once decisions are made.
- Present the views of the board of directors to fellow members, rather than my own, whenever I speak for the cooperative.
- Strive to keep the organization a member's cooperative and not let it become a director's or manager's cooperative.
- Represent my constituents in their entirety and not just the members from my community.
- Do all in my power to have the association controlled democratically, including the election of directors.
- Welcome new ideas or "new blood" as a means of keeping a fresh approach to cooperative operations and service to patrons at a high level.
- Do everything possible to inform members and patrons of established policies and programs of the association.
- Do everything possible to improve my abilities in my director's role.

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U.S. Department of Agriculture

Rural Business-Cooperative Service

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Rural Business-Cooperative Service (RBS) provides research, management, and educational assistance to cooperatives to strengthen the economic position of farmers and other rural residents. It works directly with cooperative leaders and Federal and State agencies to improve organization, leadership, and operation of cooperatives and to give guidance to further development.

The cooperative segment of RBS (1) helps farmers and other rural residents develop cooperatives to obtain supplies and services at lower cost and to get better prices for products they sell; (2) advises rural residents on developing existing resources through cooperative action to enhance rural living; (3) helps cooperatives improve services and operating efficiency; (4) informs members, directors, employees, and the public on how cooperatives work and benefit their members and their communities; and (5) encourages international cooperative programs. RBS also publishes research and educational materials and issues Rural Cooperatives magazine.

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