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COOPERATIVE MANAGEMENT PROGRAM

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How to Rise Above the Crowd

Sometimes the biggest question on a new director's mind is "what do I do now?" Here are some suggestions gathered from cooperative managers and board members on what is expected of the very best cooperative directors.

Perhaps if we described a general manager as the arms and legs of the business, we would likewise describe the board of directors as represented by the head, giving direction, purpose, and oversight to all aspects of the business.

For a cooperative business, we could extend this metaphor further and say

Showing due diligence in the fulfillment of their duties, the board will actively assess the performance of the cooperative, themselves, and their single hire (the general manager), making corrections as appropriate.

They are to know the inner workings of their business and its weaknesses in order to strengthen it while simultaneously watching for outside forces that could destroy it. After proper consideration of all this, they are to responsibly distribute net benefits in such a way that preserves the character and intent of the cooperative.

That is quite a job description! Its no wonder that many newly elected directors are overwhelmed with the responsibility of the position. It can be difficult to step into the role of director without a clear vision of the final result.

With this in mind, we have collected suggestions from cooperative managers and board chairmen as to the duties, expectations, and strengths of the successful director. We present these here, noting that some are particularly appropriate for board chairmen, but equally useful for all directors, especially in light of the chairman's role as an exemplary director.

Please note that these are actual quotes from managers and board chairman. As such, there are comments that are specific as to gender and religion. The intended principles however, are applicable to all successful directors.



the directors are the very heart of the business, acting in good faith to maintain its vitality. They are selected by their peers and fellow members to protect their common interests and safeguard the value of their investment.

These directors are called on to lend their expertise and time in setting a strategic course that will enable the cooperative to flourish. They are to set policies that accomplish the mission of the cooperative while ensuring the equitable treatment of its members.

Expectations of Directors

1. Stay informed.
2. Be prompt to board meetings.
3. Hire and manage only one person in the co-op--the general manager.
4. Be willing for continual training.
5. Direct ALL employee-related issues to the general manager.
6. Make decisions on behalf of the co-op, not in the "farms" best interest.
7. Come prepared to give your full attention during board meetings.
8. Set the example -- trade and otherwise be loyal to the co-op.
9. Train and educate yourself to have an understanding of the audit and financial statements.
10. Do whatever it takes to have a depth of understanding about the membership of the co-op.
11. Work at attending board meetings regularly.
12. Live within the policies and guidelines on such things as the credit policy.
13. Set policy and direction of the organization and then monitor.
14. To disagree in the board room is allowed, but not leaving as one voice is not.
15. Be transparent, yet professional in reporting on operations.
16. Respect and honor conflict of interest issues.
17. Develop a mindset that time spent at the co-op in meetings is an important part in the success of the co-op.
18. Have a team relationship with the general manager.
19. Most co-ops need more leadership, not the laid back approach.
20. View the management/board experience as a team relationship.
21. In difficult times, find ways to keep a positive focus.
22. Conduct frequent strategic planning exercises.
23. Question, yet support decisions of management.
24. Stay current and aware of the status of co-op operations, even if that means frequent one-on-one visits with the general manager.
25. Take an increasing responsibility over the major expenditures of the organization.
26. Make it a strategic effort to interact and transfer information to the membership.
27. Be willing to make the tough decisions, based on sound information and data, and then stick to it.
28. Take charge of participating in more regional and TACC meetings.
29. Allow the general manager to manage.
30. Take high professionalism and ethics into your responsibility.
31. Have a focus and willingness to work with fellow directors during board meetings.
32. Work at being open to change and new ways of doing business.
33. Do things to get better involved in monthly board meetings.
34. Make decisions based on numbers.
35. Leave all personnel decisions including compensation, to the general manager.
36. Have an understanding of director versus general manager roles--both limitations and responsibilities.
37. Avoid "chasing rabbits" in board meetings by being prepared and focused.
38. Be current on your individual accounts with the co-op to avoid potential embarrassment.
39. Seek value for members.

Duties of the Chairman

1. Provide shareholder value.
2. Seek professional legal, and audit counsel, when and where appropriate.
3. At random and unannounced times, inspect financial records.
4. Make sure that a wealth of information is afforded all directors so they can make an "informed" decision.
5. Manage sensitive board and co-op issues before arriving at the board meeting.
6. Take a proactive approach to not depend on the CEO as much as we traditionally do.
7. Study industry trends that apply to your company that represent threats and opportunities.
8. Counsel with select members to foster future leadership.
9. Obtain management feedback outside of the boardroom.
10. Manage the "currentness" of the bylaws.
11. Set an example of being a good listener.
12. Be a sounding board for management.
13. Monitor business performance.
14. Monitor the strategic plan.
15. Manage the board.
16. Manage director and management conflicts.
17. Establish an annual calendar for planning and evaluation.
18. Publicly recognize and edify the CEO.
19. Communicate a vision of the organization on a regular and opportune basis.
20. Manage director conflict of interest.

21. Run interference with the board for management.
22. Articulate positions well.
23. Keep board meetings focused.
24. Be a mediator or buffer between directors and management.
25. Work hard to make appropriate people feel “included” as situations warrant.
26. It is expected of you to play a “referee” role as warranted.
27. Manage ethical conduct of directors.
28. Work hard at not being “one of the good ole boys”.
29. Manage internal controls of the organization.
30. Manage the evaluation and compensation of management.
31. Manage the effectiveness of the board.
32. Manage membership expectations.
33. Manage developmental skills and competencies of directors.
34. Stay visionary or three steps ahead . . . always anticipate.
35. Set an example of attitude and company culture.
36. Insist on strategic planning.
37. Be a partner with the CEO.
38. Require directors “to do their homework”.
39. Cause others to act.
40. Set director expectations higher than the rest of the membership.
41. Manage any confidentiality issues of directors.
42. Provide leadership over decision-making on issues of “farmer versus co-op” mentality.
43. After a sensitive vote, insist to the board that all should now support the decision.
44. Solicit co-op problems from the CEO and be proactive to bring these concerns to the board.
45. Encourage teamwork among the directors and CEO.
46. Call for “executive session” as necessary.
47. Practice established parliamentary procedure.
48. Identify weak directors and work to improve them.
49. Be a role model and set an example.
50. Manage “director involvement into management” issues.
51. Manage membership dissension issues.
52. Manage director and director/manager personality conflicts.
53. Handle director preferential treatment issues.
54. Support actions of management.
55. Make sure everyone has had their chance to be heard.
56. Manage director attendance issues.
57. Listen much, talk little.
58. Ask questions and encourage others to do so.
59. Encourage input.
60. Set board agendas and adhere to it.
61. Adopt company policies.
62. Manage director and management succession issues.
63. Appoint committees and their leadership.
64. Inspect facilities as warranted and unannounced.
65. Manage the minutes.
66. Trade 100% with the organization when allowable and manage the correction of those who don't.
67. Keep records of assignments and follow-up.
68. Oversee that management executes policies.
69. Manage the setting of strategic goals.
70. Manage the oversight of corporate compliance.
71. Direct the hiring and firing of company management.
72. Be responsible for deciding who has access to board meetings.
73. Cause yourself to have frequent interaction with the general manager.
74. Manage the hiring and work of the auditor.
75. Hold the CEO accountable.
76. Manage the company's banking relationship.
77. Manage the equity retirement, versus savings, versus patronage distribution issues.
78. Insure that appropriate co-op leadership is bonded.
79. Provide oversight of financial investments of the company.
80. Be informed on the operations of the co-op and its closest competitors.
81. Within your jurisdiction, monitor accounts receivables.

Admired Strengths of the Board Chairman

1. He is business-minded and as such treats the co-op as a business center.
2. He has an understanding of what it costs to do business and thus does not expect me to perform magic when it comes to spending money.
3. Leads by setting a good example.
4. He does not involve himself in the daily workings of the co-op and thereby allows employees to do their jobs.
5. He is a leader and is not easily shaken by delicate issues.
6. He takes his job very seriously and wants to make the effort to do a good job.
7. He takes time to attend meetings and to discuss issues with the general manager.
8. Is very level-headed and fair.
9. He understands the importance of change in a changing environment.

10. Very religious.
11. Cares about others before himself.
12. He takes control of the meetings and is a strong moderator.
13. Open-minded and honest.
14. He asks hard questions about problems without jumping to conclusions!
15. My chairman has the ability to keep directors working together.
16. He has the foresight and vision to change from wearing a farmer's hat to a director's hat.
17. Supports the management team.
18. He sees through problems to find solutions.
19. Is open to new ideas!
20. Is a very good listener!
21. Thoroughly understands the role of the board of directors team.
22. Does not let the meeting deteriorate to "chasing rabbits."
23. He is excellent at resolving conflicts with members.
24. He leads, but is also willing to express his opinion.
25. He is good at setting policy for the organization and supports me 100%.
26. He is thought of as a man of great wisdom.
27. Has a strong commitment to bettering the co-op.
28. He has compassion for the co-op.
29. I always know that I have his support no matter how bad the situation gets.
30. Well respected by the directors as well as the members.
31. He is mild-mannered.
32. My chairman was once a co-op general manager so he understands my daily pressures.
33. He has lots of experience.
34. He is always thinking and thinking ahead.
35. Has the ability to make suggestions and think outside the box without being pushy.
36. He is great at transferring managerial issues to the board room so that they can get properly addressed.
37. He is bold and challenges the directors.
38. While he mixes well with the directors, when it comes board meeting time, he has a tendency to distance himself so as to remove emotions and personal preferences from his decision making.