

The Multidimensional Governance Assessment

Highly effective boards are composed of highly effective people. We suggest an organized framework for director development and present factors for assessing the training needs within your cooperative.

Dr. John Park

Roy B. Davis Professor of Agricultural Cooperation

Diane Friend

Graduate Assistant

TRADITIONALLY, the framework for training cooperative directors is built around fiduciary duties, namely the duty of care, the duty of loyalty, and the duty of obedience. Fiduciary duties imply that a board of directors will act in good faith, with all due diligence, for the best interest of the cooperative. They must do this in a manner that supports the stated purpose of the organization and in compliance with bylaws, statutes, and regulations. As a result, board members are trained to conduct meetings, set policies, review financial data, and become knowledgeable about legal considerations.

These are critical topics for training individuals to fill the role of a director, yet they are not adequate for developing the capacity to excel in that role. Thus, topics for director development could also include conflict resolution, negotiation, interpersonal communication, problem solving, and teamwork.

In a previous *Cooperative Management Letter*, we documented the characteristics of directors that are admired by their peers (see Park and Engelke, "How to Rise Above the Crowd", CML 08-03). Among those, we find the expected answers relating to director responsibilities, but also many

more related to a director's character. Some examples include:

- Harmony in the board room
- Dependability
- Unity
- Teamwork
- Communication
- Fairness
- Listening

We suggest that a more robust, effective, approach to director training would be to expand the topics on roles and responsibilities to include topics on personal, board, and organizational development. Further, we expect that boards, as a whole, may face certain challenges when specific skills are missing from the composition of directors. We offer a more holistic framework for board of director training and subsequent assessment.

Our Framework

If the training of directors should include the development of interpersonal skills, then we suggest that governance of a cooperative is more than the actions and decisions of the board of directors in fulfillment of their duties. The actions and outcomes of governance are important, but do

A Framework for Cooperative Governance

		GOVERNANCE (YOUR REALM OF INFLUENCE)		
		LEVEL 1 SELF	LEVEL 2 BOARD	LEVEL 3 COOPERATIVE
FOUNDATIONS OF EXPRESSION	BELIEF	Consciousness	Connectedness	Representation
	ACTION	Conduct	Teamwork	Collaboration

not fully describe the ability of an individual director to perform their duties. Consider that In the course of governance, a highly effective director is one who is able to properly influence themselves, the board, and ultimately the cooperative.

We refer to these levels of governance as simply, Level 1 (influence over the self), Level 2 (influence over other individuals and the board), and Level 3 (influence over the cooperative organization). Beginning with Level 1 governance, we recognize that an effective board member must be aware of their own perceptions, abilities, and biases as they interact with the world around them. Level 2 governance is characterized by one's ability to understand and build connections with others, leading to greater group effectiveness. Finally, Level 3 governance represents the individual's ability to develop the identity and sense of duty that allow the board member to unite others in a common cause.

In short, Level 1 governance is centered on the self, Level 2 governance is centered on board relationships, and Level 3 governance is centered on the cooperative organization.

Individual levels of governance are defined by an individual's beliefs and actions. In this way, levels of governance are further described by the beliefs formed from our individual abilities, experiences, and personality. A person's ability to govern is also described by the ways in which we act on those beliefs. As a result, we can describe levels of governance in terms of both belief and action.

As belief progresses from self to board to cooperative, it is expressed as consciousness, connectedness, and representation. As action progresses from self to board to cooperative, it is expressed as conduct, teamwork, and collaboration. Thus, our framework for governance is described by six key factors resulting from an expression of belief and action for each of the three levels of governance: *Consciousness, Conduct, Connectedness, Teamwork, Representation, and Collaboration*.

This framework provides an organized approach to board training and assessment. It recognizes that the ability to influence successful outcomes of the cooperative start with the individual board member. In other words, we suggest that a cooperative is made financially stronger when governed by an informed, engaged board composed of individuals who can effectively work together. It simply is not correct to discuss and make plans to improve board governance without focusing on the individuals involved.

Assessing the Board

We want to be clear that we are not suggesting a system for board rating. This is not intended to provide

LEVEL 1 GOVERNANCE

Conscious Conduct

Belief: Consciousness

The quality or state of being self-aware, managing one's emotions, and feeling self-assured.

Action: Conduct

A mode or standard of personal behavior especially as based on moral principles. The act, manner, or process of carrying on.

Competencies

- Self assurance and confidence
- Managing stress
- Attitude of constant improvement
- Empathy for others

LEVEL 2 GOVERNANCE

Connected Teamwork

Belief: Connectedness

A feeling of belonging to or having affinity with a particular person or group.

Action: Teamwork

Working with others toward a common goal, each doing a part, contributing to the whole team.

Competencies

- Conflict management
- Exemplifying proper confidentiality, loyalty, dependability
- Comes prepared for board meetings
- Accountability to the board

LEVEL 3 GOVERNANCE

Represented Collaboration

Belief: Representation

The fact of one person standing for another so as to have the rights and obligations of the person or group represented.

Action: Collaboration

The act of individuals working together to achieve a defined and common business purpose.

Competencies

- Fiduciary duties (care, obedience, loyalty, good faith, disclosure)
- Establishing strategy
- Enacting policy
- Maintaining the division of roles between manager and directors

a statement for comparing the effectiveness of one board to another or one director to another. It is a natural tendency to hear the word “assessment” or “evaluation” and equate this with some kind of statement on quality or worth. Rather, our philosophy is that each director brings a unique contribution. As such, a cooperative board should *celebrate their strengths, identify their shortcomings, and make plans for improvement.*

Our context for assessment is to provide a tool that will open the eyes of directors to overlooked or neglected skills and characteristics, and help prioritize training efforts. In addition, as assessments are collected, we will collect data to provide industry benchmarks. More importantly, such data could also help identify topics for training by the Texas Agricultural Cooperative Council and other trade associations. We anticipate that as we study individual director training needs, we will be able to identify patterns within boards, whether helpful or problematic. Potential questions for the Multidimensional Governance Assessment follow. Efforts are being made to make this tool available on mobile devices.

The Multidimensional Governance Assessment

Here is a preview of the self-assessment. Each statement can be evaluated on a simple scale where 0=almost never, to 4=almost always. A summation for each characteristic can help to prioritize training needs and topics. As you participate in assessment, keep the following in mind:

1. **Maximizing your total is not the goal.** A perfect score only indicates that your assessment was not honest.
2. **The goal is to help prioritize training needs.** It's not unreasonable to expect scores to fluctuate according to the challenges you currently face.
3. **Results are not comparable.** Because of differences in self-perception, comparing the scores of one director to another, or even one cooperative to another, is pointless. Scores should be used to generate discussion for training needs.

Consciousness

1. I quickly realize when my thoughts are turning negative
2. I am open to feedback during discussions with other board member

3. I can articulate feelings and emotions appropriately during meetings
4. I am guided by my internal beliefs and value system rather than what others think and do
5. I can tell when my emotions start affecting my performance on the board
6. I can use my sense of humor to laugh at myself
7. I strive to find a balance between work and personal life
8. I am open to new ideas

Conduct

9. I can reflect and learn from my mistakes then move on
10. I will take a tough, principled stand even if it is unpopular
11. I think clearly and stay focused under pressure when the board has to make tough decisions
12. I can stay composed, positive and unruffled even in trying moments or situations during board meetings
13. I am driven to meet objectives and goals
14. I constantly strive to improve performance in myself
15. I respect the time and interests of others
16. I try to listen much more than I speak in board meetings

Connectedness

17. I demonstrate empathy with other's feelings
18. I respect others with different viewpoints, backgrounds and opinions
19. I help others on the board to feel included and comfortable
20. I try to paint a positive picture of the future for other board members
21. I can sense the emotional state of others and respond accordingly
22. I communicate honestly with other board members
23. I build rapport well with others
24. I strive to actively listen before forming or sharing an opinion

Teamwork

25. I try to help others to develop their strengths
26. I actively participate in discussion
27. I try to lead by example
28. I exhibit the ability to change and be flexible
29. I am on time or early for board meetings and strive to stay the entire time

30. I help ensure that everyone has an opportunity to speak
31. I contribute to the development of and try to adhere to the board meeting agenda
32. I encourage orderly behavior (including established rules of order) in board meetings

Representation

33. I am a loyal member of the cooperative in good standing
34. I strive to meet other members and learn about their needs
35. I understand my role as a director and avoid making management decisions
36. I consider what is best for the cooperative in board decisions
37. I support strategic planning efforts of the board and management
38. I treat board discussions and decisions with strict confidentiality
39. I avoid and disclose any potential conflicts of interest in board decisions
40. I ask multiple questions about board and management decisions

Collaboration

41. I am informed on the cooperative's operations as well as its competitors
42. I understand the financial implications of board decisions
43. I understand the strategic plan of the cooperative and strive to fulfill it
44. I publicly support the decisions of the board once leaving the boardroom
45. I publicly speak optimistically about the future of the co-op
46. I continually look for ways to improve the organization
47. I actively engage in learning opportunities to improve my involvement on the board
48. I stay abreast of internal and external issues that may affect the organization's success

Ideas for Discussion

1. How do the six characteristics of governance help you understand your role as director?
2. Why is it important to develop interpersonal skills (like empathy or communication) to help the board operate more effectively?
3. How can you use the Multidimensional Governance Assessment to build a culture of improvement?
4. How does your board do as a whole? Do directors bring different strengths to the boardroom?
5. Identify one statement from each characteristic to work on and compare thoughts in a board meeting.

Facilitation and a current version of the MGA are available from Diane and John.

ABOUT

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Dr. John Park is a professional educator whose experience in agribusiness marketing and management supports the needs of the modern


agricultural cooperative. As a professor and extension specialist at Texas A&M University, Dr. Park is committed to helping businesses make better decisions and achieve competitive advantages.




Diane Friend is a farmer, co-op member, ag educator, and PhD candidate at Texas A&M University. Her vibrant personality and years of farm


experience culminate in a passion for helping cooperative directors achieve greater success in the boardroom.


CONTACT

 Dr. John Park
Dept. of Agricultural Economics
Texas A&M University
2124 TAMU
College Station, TX 77843-2124

 (979) 854-8982 (office)
(979) 450-8184 (cell)

 john.park@tamu.edu

 <http://cooperatives.tamu.edu>

 <http://www.linkedin.com/in/jlpark>

 @johnlpark