

Is Your Board Cooperating With the CEO? Key Success (or Failure!) Factors in Co-op Management

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To listen to the audio portion of the webinar, please dial 1-800-536-9136, access code: 9038709#.

A Brave New Format

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Why Co-op Management is Unique

**Is the Board acting
like a governing
body?**

**Or more like a
customer?**



Key Duties of Boards and Management

Communicate!

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Communicate!

“The Role of a Director is Not to Provide Management. It is to Assure That Management is Provided.”

--- Norman R. Augustine

Policy Governance



What Are the Essential Policies?

- **Board Code of Conduct**
- **Committee charters**
- **Working Capital**
 - **Fundamental Capital Program**
 - **Audit Committee**
- **Membership communication**
- **Safety**



Successful Board Member Habits

- **Stick to your policies**
- **Confidentiality is key**
- **Respect the CEO's management in discussions with staff**
 - **Even when you disagree with your CEO!**



Director Oversight “BEST PRACTICES”

- **Respectfully challenge management –
but only in the Board Room**
- **Develop a good chemistry between the
board and CEO**
- **Governance is governance;
management is management**

The Chairperson's Role

- **Board Members**
 - Relationship development
 - Management of Board and meetings
 - Board succession

- **Board-to-CEO**
 - Relationship development
 - Board communications with CEO

SSSHHH – Keep this A Secret

- **Proprietary information**
- **Information which provides a competitive advantage**
- **Information discussed or distributed in the board room**
- **Deliberations within the board room**

New York CLE Code

“We have some NY lawyers participating today. In accordance with NY CLE Rules, the New York Verification Code for this program is _____.”

WHY CEO'S SUCCEED

Any way you look at it,
mastering execution
turns out to be the odds-on
best way
for a CEO to keep her/his job

Why CEOs Fail

- **Wandering from core competencies**
- **Unplanned growth: ignoring financial, operational, and execution risks**
- **Sacrificing long-term health for short-term gains**
- **Denying problems when they exist**

Why Boards SUCCEED

Any way you look at it,
***mastering group dynamics and
focusing on substantive issues***
turns out to be the odds-on
best way
for Boards to succeed

Why Boards FAIL

- Lack of knowledge and experience among directors
- A tendency by directors to be passive vs. proactive (e.g. asking questions for clarification in communicating with management)
- Failure of the board to make decisions and provide direction to management during downturns
- Failure to maintain good relations and communications with members

Why Boards FAIL

- Failure by board to partner with the CEO in developing and reviewing the strategic plan
- Conflicts of interest among board members
- Failure to understand and exercise fiduciary and oversight responsibilities diligently & independently
- Failure to compensate management competitively
- Buying into the “rock star CEO system”
- Failure to embrace director development and evaluation

The Board as a Partner

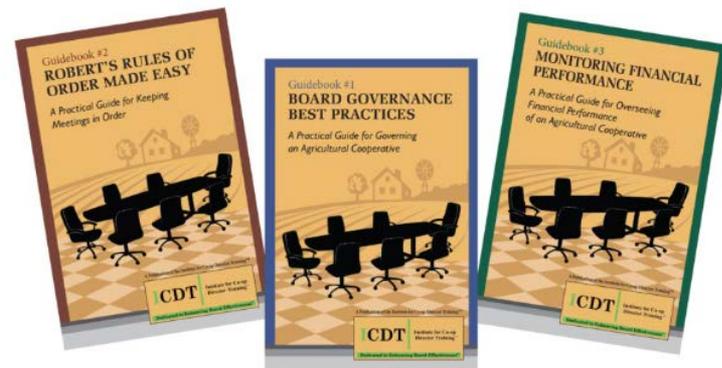
- Avoid adversarial or overly wary attitudes
- Diligently study, question, evaluate proposals
- Don't test, cross examine, or assert superior authority – **Ask Loaded Questions**
- Advise, counsel, help the CEO formulate policies in the best interests of the co-op
- Provide the CEO with resources to execute plans and policies
- Encourage respect for & loyalty to the CEO

The CEO as a Partner

- Respect Board prerogatives
- Stay in touch with directors between meetings. Keep them informed of material developments
- Provide a complete agenda with support information in sufficient time for study before board meetings
- Respond promptly & completely to all requests for additional information
- Provide reasonable contact with senior managers (i.e. board reports; committee preparations)

What Resources Are Out There?

- **Harvey Meier:**
<https://harveymeier.com/product/guidebookseries/>
- **University of Wisconsin Center For Cooperatives:**
<https://uwcc.wisc.edu/>
- **USDA Cooperative Development:**
<https://www.rd.usda.gov/programs-services/all-programs/cooperative-programs>



Who Wants More Credit? CLE Credit, That Is!

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