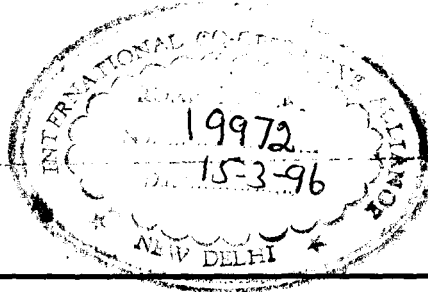


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HOW TO BECOME AN EFFECTIVE BOARD MEMBER



International Cooperative Alliance
Regional Office for East, Central and Southern Africa

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*Let us
congratulate
you first...*

You have been elected to the board of directors of your cooperative organisation! It is an important event. It shows that the members trust you and have confidence in you. They believe that you are the right person to speak for them, to represent them.

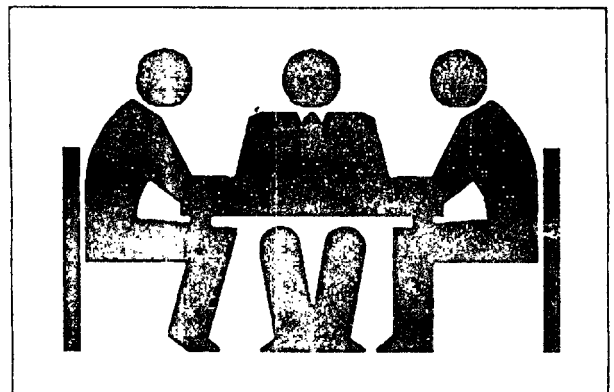
Congratulations!

... and then talk business!

You have probably already realised that the members who have elected you have done so with a purpose:

they want you to help them to control and develop their cooperative organisation. They have decided that you are the right person for this task. In other words, the members expect something from you.

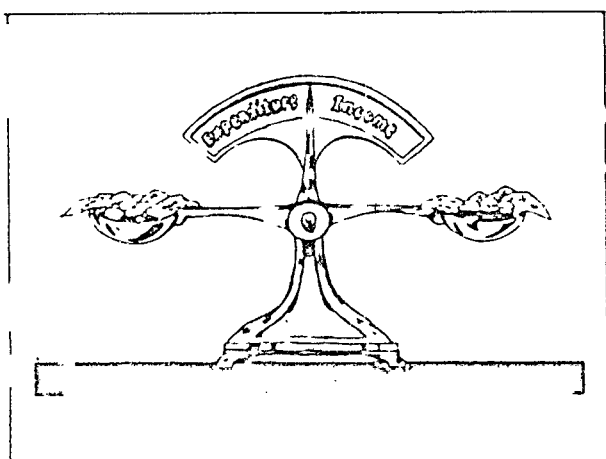
We are sure that you are aware of the members' expectations. We are also sure that you do not want to let them down. You may now be thinking about how to live up to these expectations. This is where we hope that this booklet can help you. It aims at assisting you to live up to the members' expectations and to become an effective board member.



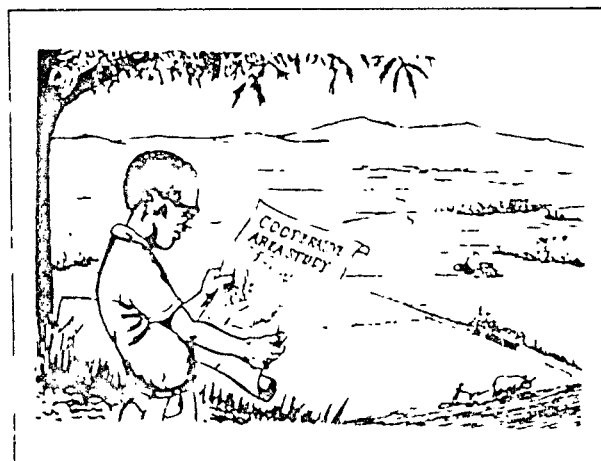
The members want you to help them to control and develop their cooperative organisation

In broad terms, the members want the board to do two major things:

1. To control what is going on *now* in the cooperative organisation and
2. To build the *future*, i.e. to develop their cooperative organisation.



Control often means financial control. Income and expenditure have to balance.



To build the future means to develop the cooperative organisation; to improve on its present performance and to start new economic activities.

This is an important message from the members. In fact, so important that we shall repeat it again. Thus, remember that **the members want you to help them to control and develop their cooperative organisation.**

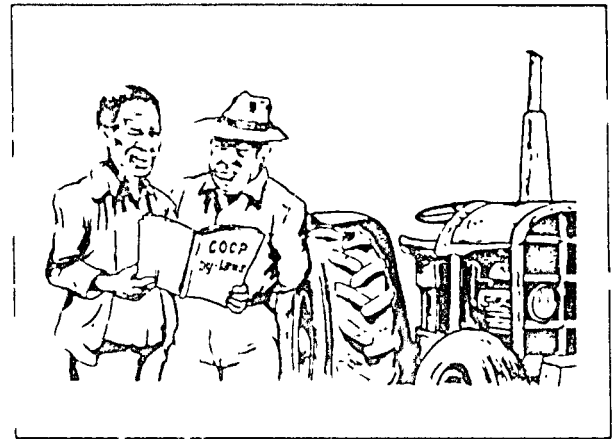
General qualifications of a board member

Being a board member is a very responsible task. It is important for the cooperative organisation that the right men and women are elected. The board members need to have the following qualifications:

- **Cooperative outlook**, i.e. a clear understanding of the purpose of a cooperative organisation
- **Business orientation** - understand economic and financial matters and how the cooperative can generate sufficient resources for its activities.



- **Knowledge of the cooperative law, the rules and the by-laws.**



- **Time to read reports, to talk to the members, the chief executive, to prepare discussions and to take part in meetings.**
- **Interest in the business of the cooperative organisation and able to listen to the members and to take initiatives.**
- **Experience that supplements knowledge already available in the board.**
- **Know-how or factual knowledge and ability to read, understand and draw correct conclusions from discussions, reports and other documents.**

Here are your duties and responsibilities as a board member

Main Function

To participate with the other directors in directing the affairs of the co-operative, guided by the Co-operative Societies Act, by-laws and board policies, so that it effectively moves towards achieving the objectives of the organisation.



Relations to:

Members - leadership role, providing an example and interpreting views and needs of members.

Directors - acting as a team with the other directors; authority as a director only in board meetings and as delegated by the board, for example, on committees.

General Manager - at board meetings the general manager is a key resource and part of the overall management team; between board meetings the relationship is the same as for other members.

Staff - no special relationship beyond that of an informed member.

Responsibilities

- To participate jointly (and not to act individually) with the other members of the board of directors in carrying out the following responsibilities of the board.
- Establish the overall goals and policies, for the direction of the cooperative organisation
- Provide for effective communications and membership and public relations for the organisation.
- Establish the organisation of the board, including the appointment of committees, and clearly define the responsibilities and the authority assigned.
- Determine the job description, establish the salary range and appoint the general manager; set the salary and appraise the performance of the general manager.



- Approve the organisation structure and salary schedules for all levels of the structure; and personnel policies and programmes for the organisation.
- Approve major plans and programmes and capital and operating budgets.



- Authorise changes in the assets of the organisation.
- Recommend any by-law amendments.
- Deal with applications for membership.
- Recommend schedule of patronage refunds in accordance with the by-laws.

- Authorise repayment of member shares.
- Establish and administer controls and regulations for the protection of members and creditors.
- Analyse and appraise progress in achieving objectives and goals.
- Ensure timely convening of Annual General Meeting
- Provide policies and programmes for the maintenance of a well-informed, effective board of directors.
- Provide for effective relations and coordination with other cooperatives serving the area.
- Support the cooperative.

The Chairman has particular responsibilities

Brief interview with a Board Chairman.

Question: Mr. Chairman, what are your main duties and responsibilities?

Chairman: As regards board meeting my duties and responsibilities are:

- to discuss and agree with the chief executive on matters to be included in the agenda for the meeting
- to ensure that he sends notices for meetings as stipulated in the by-laws
- to make sure that my colleagues in the board get the minutes of the previous meeting in good time
- I have also to make sure that the chief executive prepares a report on the business of our organisation



- then, finally, it is my job to conduct the board meetings in an effective way so that decisions are made on issues that are important for the organisation.

Thank you, Mr. Chairman.

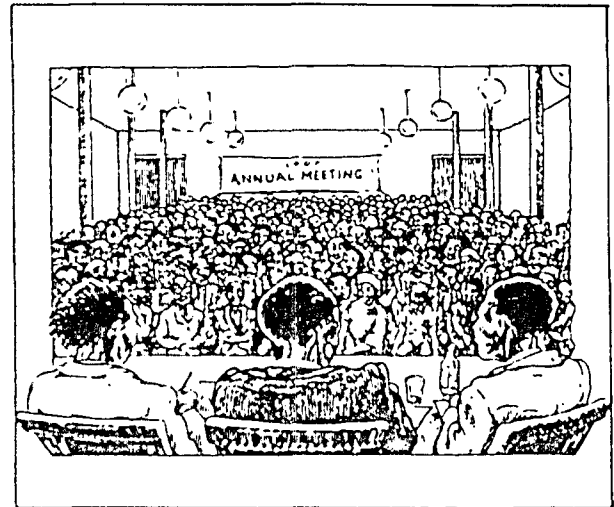
PLANNING - a duty of the Board

Members determine general orientation -
the board directs and the chief executive
implements

At General Meetings, the members discuss
their business of their cooperative; they
state preferences, propose and pass
resolutions etc. These activities show what
the members want from their cooperative
organisation.

It is the duty of the board to transform the
members' interests into specific policies.
Such policies are guide-lines for the
management; they tell the chief executive
what to do.

However, there are many important
problems and issues that are not discussed
in the Annual General Meetings. The
board itself must take up these issues,
discuss and analyse how they affect the



cooperative organisation and decide what
to do.

To be able to control what is going on now
and to prepare for the future, the board
member has to get a lot of information.
The best way of getting information is to
ask specific questions.

30 Planning Questions A Board Member Should Ask - And Act Upon!

The questions below do not cover all aspects of your cooperative organisation. They are rather examples of questions you should ask yourself, discuss in the board and find specific solutions to.

The financial situation

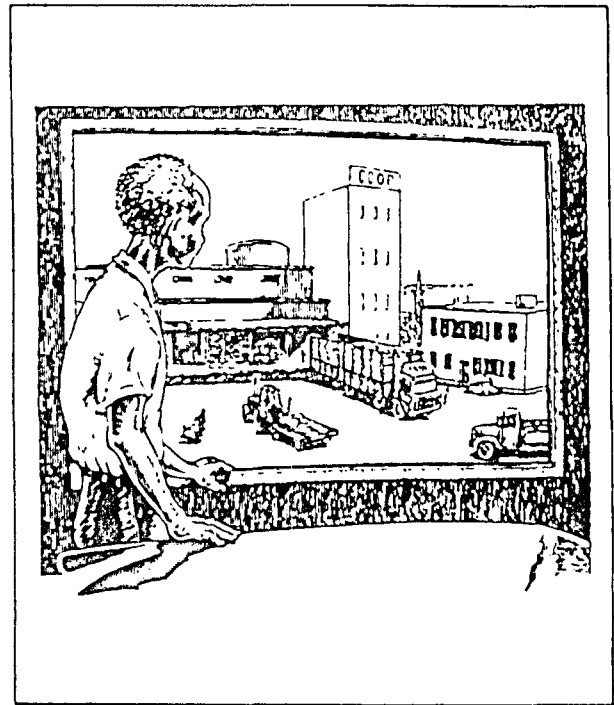
1. Is our surplus or profit from the operations sufficient to cover costs and investments?
2. Is our working capital enough to pay for the current expenses?
3. What assets does our cooperative organisation have?
4. Is our own capital enough in relation to our assets?
5. Is our cooperative organisation utilizing its assets so as to get a high yield?
6. How can our solvency and profit be improved?
7. Have we used all the legal tax reductions?



8. Do we have a proper system in our organisation through which we can get adequate financial and economic information?
9. Have we established the efficiency of our cooperative organisation?
10. Do the separate units give enough contribution to the overall performance in relation to the capital that they demand?

Markets, products and services

11. Is our cooperative organisation in the right place taking into account our products, services, markets, members and other important factors?
12. How is our competitive situation?
13. Who are the main users of our products and services?
14. In five years' time: shall we be dealing with the same products and services as today?



15. How will the demand for our products and services change over the next five years?
16. Are there products and services now being developed that can replace old ones no longer in demand?
17. Have we started to think about and discuss what our cooperative organisation should do next?

Staff

18. How is our staff composition agewise? Do we have a suitable number of young people in our organisation?
19. What about the experience and technical knowledge of our present staff? Do we have enough qualified persons to run the organisation?



20. Does our cooperative organisation have a modern personnel policy? Does it include an organised staff development programme?
21. What about in five years' time: Shall we have access to the qualified staff that we will need at that time?
22. How is our organisation as a place of work? Do we have a good atmosphere in our cooperative? Is our staff satisfied with their working conditions and environment?

Organisation

23. Do we have an organisation chart for our cooperative? Do we have job descriptions? Is there a job description for the chief executive? And is there a job description for myself, as a director?
24. What about successors? Has any deputy been appointed or earmarked for training?

25. Is our staff involved in the management process? How far have we taken the democratic principle? Have we introduced any modern organisation development (OD) techniques to enhance staff involvement in the management process?

26. Can our cooperative organisation be reorganised into result-oriented units?

Management

27. Do we have a management group that functions in our organisation?

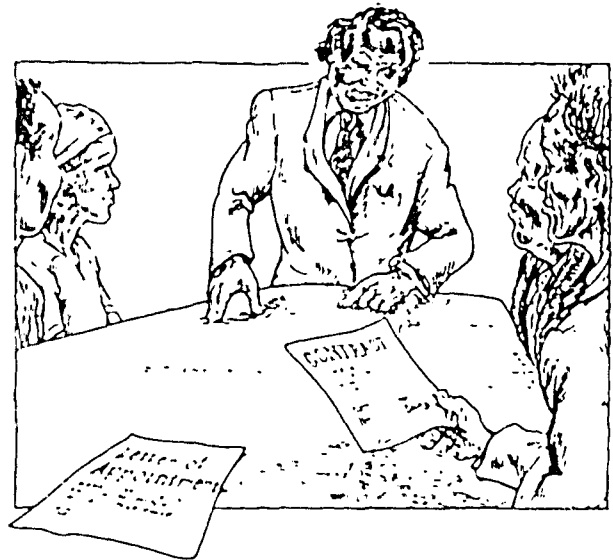
28. Is our board active? Are we board members sufficiently active?

29. Are we qualified as a board taking into account the present and future needs of our cooperative organisation?

30. Am I myself useful as a board member to my cooperative organisation?

The board appoints the chief executive

To appoint the chief executive is one of the major duties of the board. He or she must be capable and competent. If that is not the case, it is also your duty to terminate his or her services and to hire a more suitable person. The board cannot compensate for an incapable and incompetent chief executive.



This is the job of your Chief Executive!

Title

Secretary General/General Manager

Accountable to

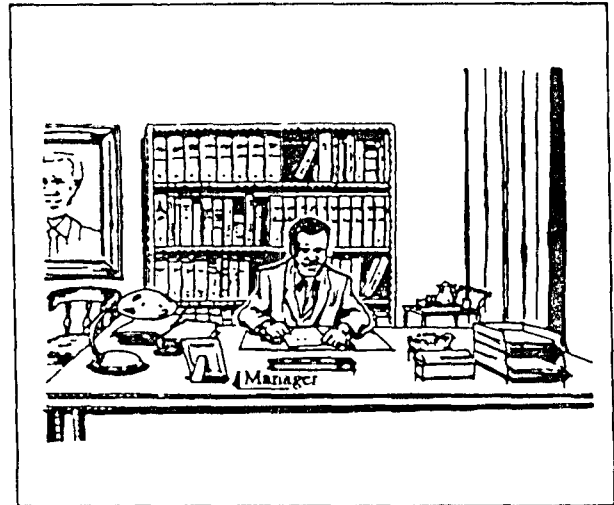
The Board of Directors

Main function

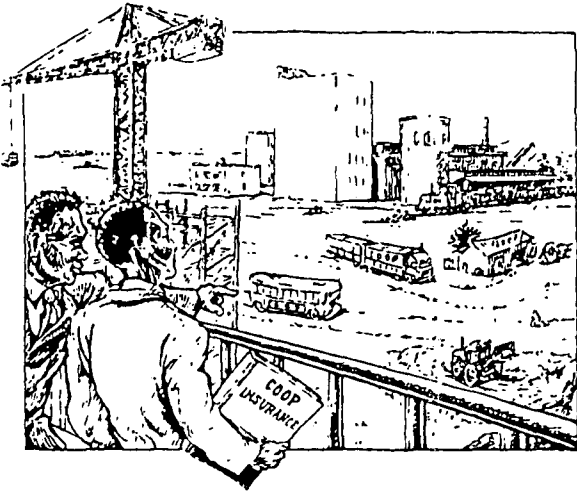
To manage the activities of the cooperative organisation in accordance with the guidelines laid down by the board.

Duties

- Advise and assist the board in establishing objectives, policies and goals for the cooperative organisation
- Continuously study trends and provide the board with information and data needed for decision making and planning



- Prepare short- and long- term plans and programmes with supporting budget estimates for submission to the board for decision
- Implement policies formulated by the board
- Appoint and supervise immediate subordinate staff; seek approval of the board of directors for top management appointments
- Maintain an effective organisation structure with adequate staffing and provision for staff development



- Ensure that finances, facilities and other property of the cooperative organisation are properly safeguarded, insured and administered
- Keep the board informed of progress and of results in comparison with goals in all areas
- Maintain effective relations with the authorities, the cooperative members and the general public
- Cooperate effectively with other cooperatives

- Take action to achieve goals
- Maintain effective relations with the Chairman
- Provide leadership and direction to all staff members
- Introduce modern personnel policies and staff development programmes
- Inform the Chairman of the person to be “in charge” when absent.

A Board Member's Pledge

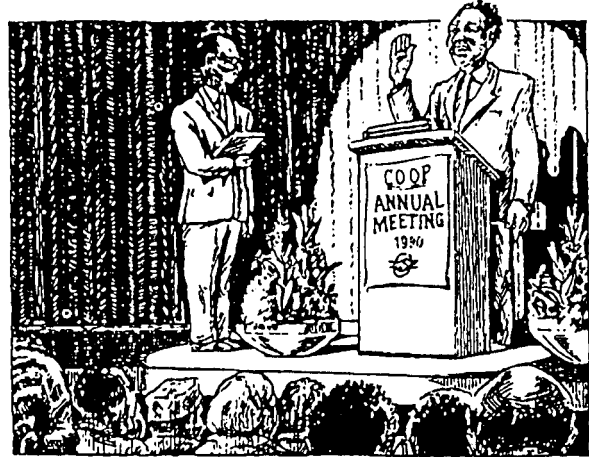
In some countries board members take an oath in the form of a pledge. It is a way of expressing adherence to certain values and principles. If *you* shall take an oath has to be decided upon by your board.

In case your board decides in favour of board members taking an oath, we will give an example below, which we have slightly adapted from Canada.

The Pledge

I pledge to do my best for the cooperative that has elected me to serve in a position of honour and trust.

Above all things I will be honest and diligent. I will place the interests of the cooperative above my own personal interest.



I will give as careful attention to the affairs of the cooperative as I give to my own business.

I will give the necessary time to board meetings and other deliberations.

I will study the business and problems of the cooperative, and the broader consideration that affects its welfare.

I will strive for continued and increased efficiency in the cooperative.

I will do independent and careful thinking, express my honest opinion, and I will not be a rubber stamp.

I will be open-minded and a team worker and realize that the individual views of board members cannot always prevail.

I will remember that the majority rules and that the minority must fall in line.

I will represent the cooperative in its entirety and not just a handful of members.

I will do all in my power to have this cooperative organisation controlled democratically, including the election of board members.

I will welcome new ideas and new blood as a means of keeping life in the cooperative organisation.

I will strive to keep this cooperative organisation a members' organisation and not let it become a board members' or managers' organisation.

I will not consider myself indispensable.

I will not accept any special privileges from the cooperative organisation because I am a director.

I will not become financially interested in any business or agency that has interests adverse to those of the cooperative organisation.

The last word ...

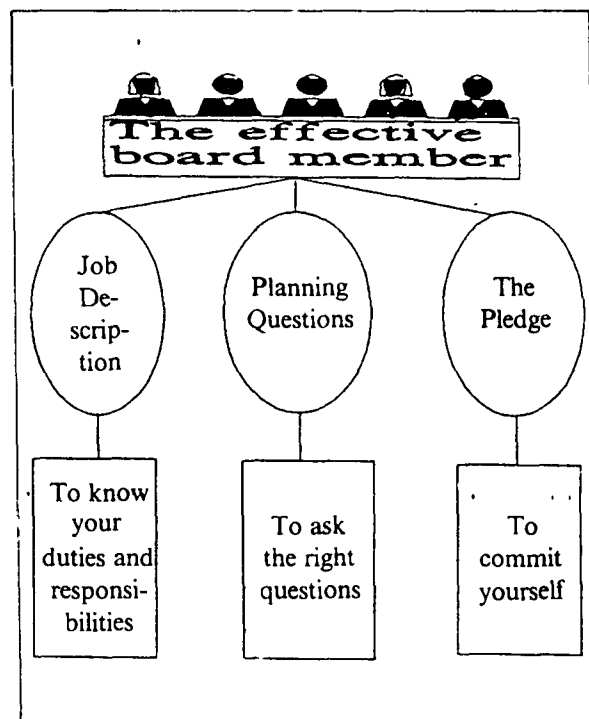
You may now be asking us directly:

“How do *I* become an effective board member?”

Our answer to you is:

First, know your duties and responsibilities! These you will find in the job description. If there is no job description for you, discuss the matter in the board and make a decision to introduce job descriptions in your cooperative organisation.

Second, you must know the importance of planning. Planning in a cooperative organisation is like the steering wheel of a vehicle. If you do not have one, you will go into the ditch! But it is not enough to know that planning is important. You have to know to ask the right questions! We have prepared thirty planning questions for you in this booklet. You can continue and work out some more of your own.



Third, in the final analysis, everything depends on yourself as a person; who you are; if you are interested and involved. This is why we say: Commit yourself through the Pledge!

Good Luck!