

# “Mainstreaming Performance Management in Cooperatives”

## Qualifications

CPA-Certified Public Accountant.

MBA - Strategic Management.

B.Sc. - Agricultural Economics.

Consulting accountant at *management paradigms*



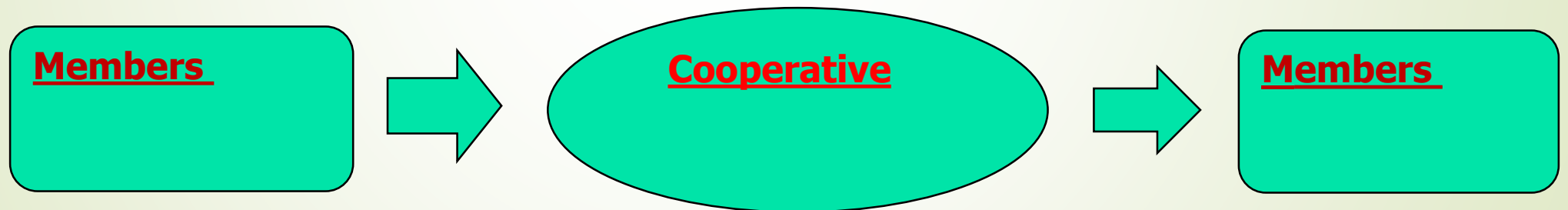
# The Art of war

- Strategy
- Governance
- Performance
- The book by Sun tsu



# Cooperative business Model

- What is a Cooperative?
- Who are the owners and the customers?
- How is the Cooperative governed?
- What is strategy on the business of the Cooperative?
- How do measure our performance ?





# What's a Cooperative?

- autonomous association of people united voluntarily to meet their common economic, social and cultural needs
  - Aspirations through a jointly owned and democratically controlled business
- 



# Cooperative Principles

- They include:
- ✓ Voluntary and open membership;
- ✓ Democratic member control;
- ✓ Member economic participation;
- ✓ Autonomy and independence;
- ✓ Education, training and information;
- ✓ Cooperation among cooperatives; and
- ✓ Concern for community.





# Governance structures of cooperatives

- They include;
- ✓ The General Meeting of members.
- ✓ The management board comprising of 9 officials
- ✓ Subcommittees like the executive, education, credit, which are appointed by the Board
- ✓ Procurement committee appoint from staff
- ✓ Supervisory committee elected by G/meeting.
- ✓ Management and Employees of the society
- ✓ Regulatory environment



# Governance structures of cooperatives



## Types;

- ✓ consumer cooperative
- ✓ Sacco cooperative
- ✓ housing cooperative
- ✓ hybrids
- ✓ Second and third tier cooperatives whose members are other cooperatives.

Which game is this?







# Strategic management (SM)

- **Strategic management** involves the formulation and implementation of the major goals and initiatives taken by top management on behalf of owners, based on consideration of resources and an assessment of the internal and external environments in which the organization competes.



# Strategic management (SM)

- ➡ SM provides
  - ✓ overall direction to the enterprise
  - ✓ Sets objectives, plans and priorities
  - ✓ allocating resources
  - ✓ Analyze complex environments and competitive dynamics
  - ✓ feedback loop to monitor execution and inform the next round of planning

# Are you visionary or Missionary?

- Vision
- Mission
- Long term objectives
- Tactical objectives





# Vision and Mission?

**Google's** mission is “***to organize the world's information and make it universally accessible and useful.***”

**Google's** vision statement is “***to provide access to the world's information in one click.***”

The company's leadership in the market satisfies the *universal accessibility* component of the mission statement by making Google's products widely used. Innovative strategies contribute to the company's capacity to maintain its leadership in the industry and in the future.

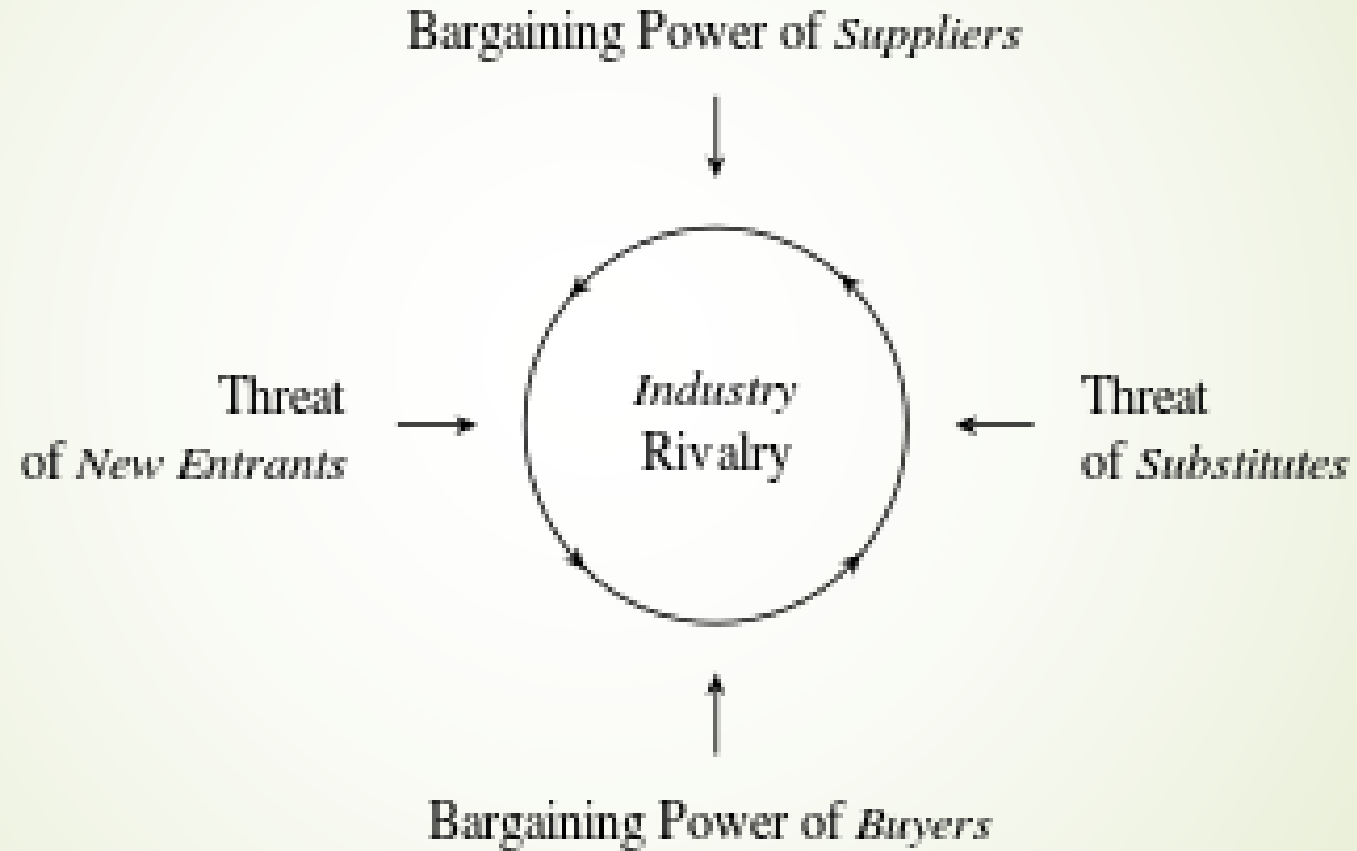
## SM Cont

Michael Porter identifies three principles underlying strategy:

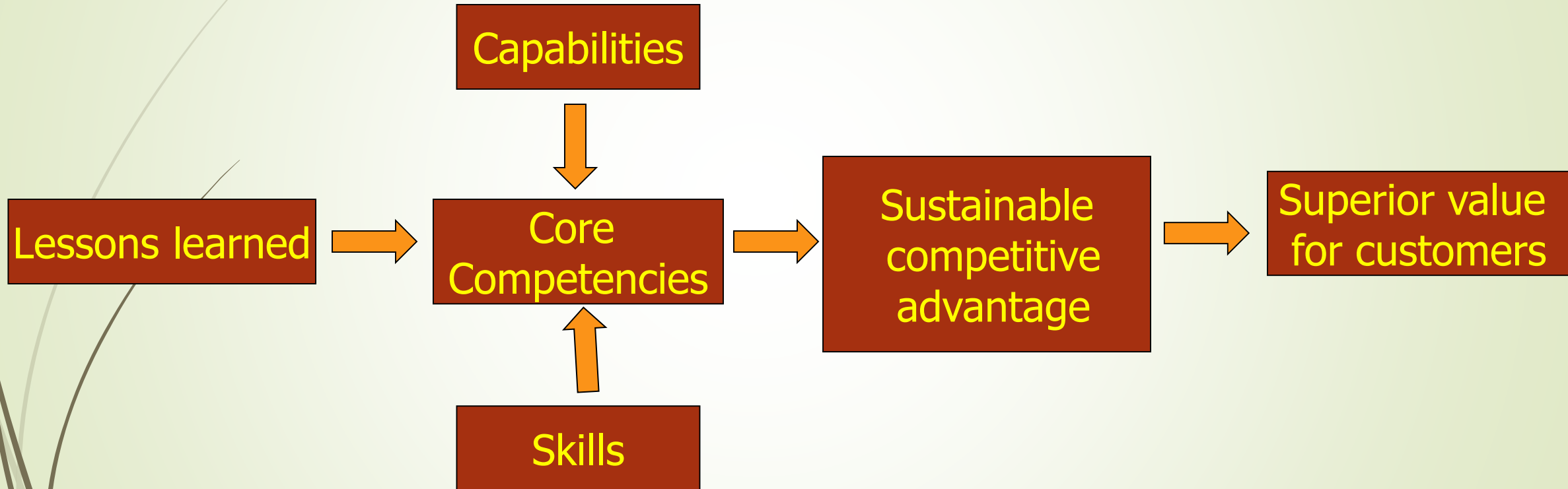
- creating a "unique and valuable [market] position",
- making trade-offs by choosing "what not to do", and
- creating "fit" by aligning cooperative activities with one another to support the chosen strategy



# Competitive advantage



# Building Sustainable Competitive Advantage



Government?

Power?




# Corporate governance





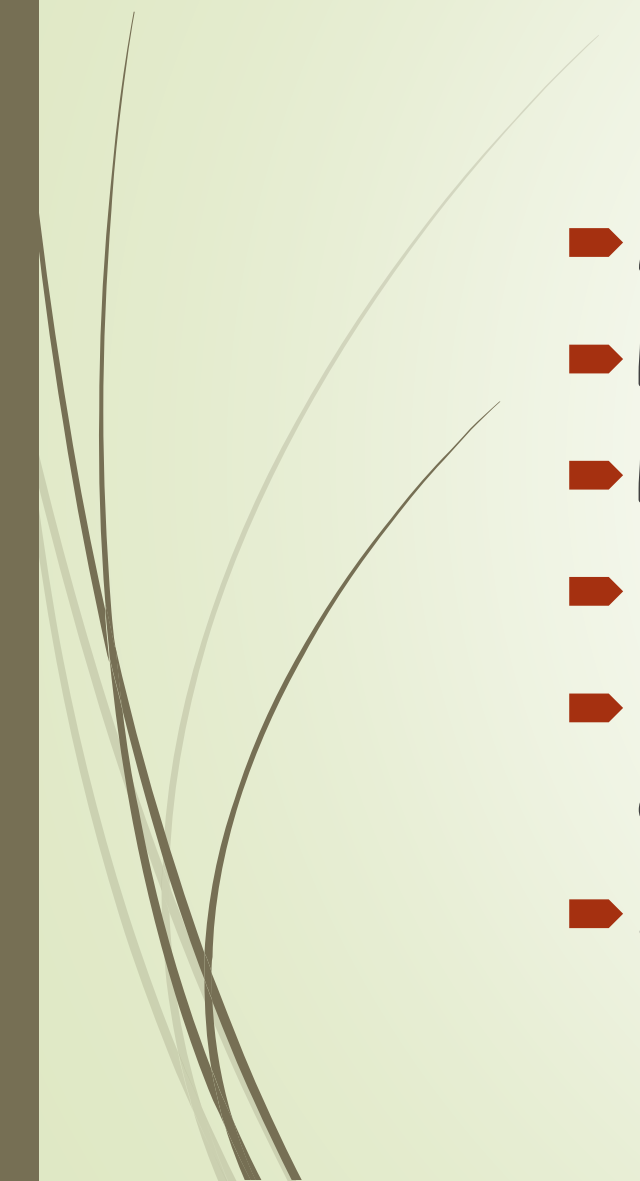
# Corporate Governance

- It is the way **power** is exercised in the organization
  - Managing the resources with a view to optimizing the owners interest and adding value to other stakeholders
  - A leadership style
  - The legal authority to exercise power lies with the management board
  - Fiduciary relationship in which one person has a responsibility to care for other's assets
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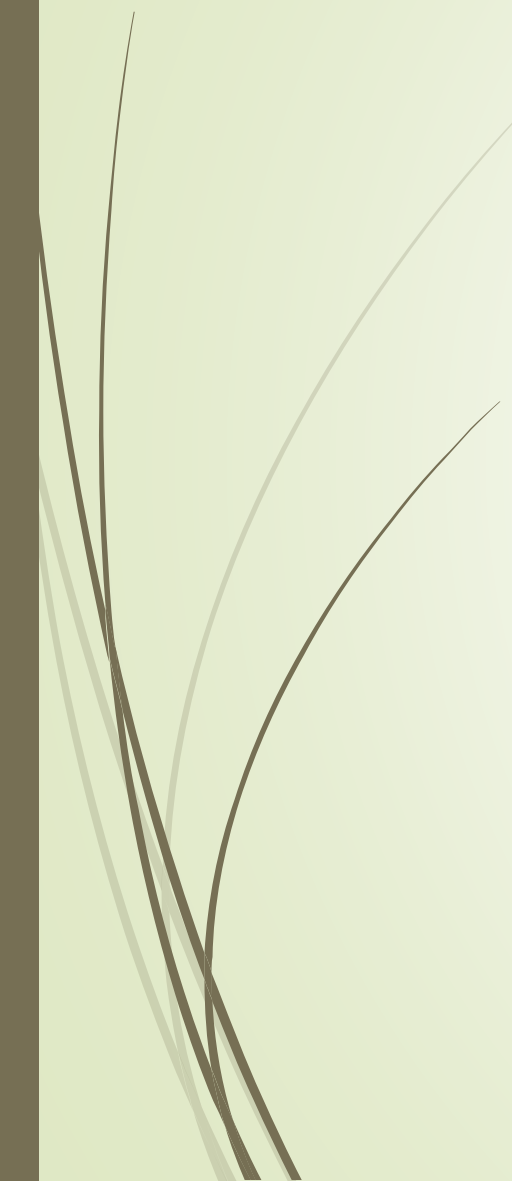


# Fiduciary role in the cooperative

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- Monitor financial activities
  - Prepare annual long range budgets
  - Processing of financial transactions
  - Financial review
  - Establish and ensure implementation of internal controls
  - Strategic financial planning



# Some functions of the Management Board

- Convening of general meetings to ensure elections, budgets and audits are done,
  - Employment and development of society staff
  - Ensure good management and strategic oversight of society affairs.
  - Prepare policies, strategic and business plans
  - Ensure full compliance with applicable laws.
- 



# BOD meetings

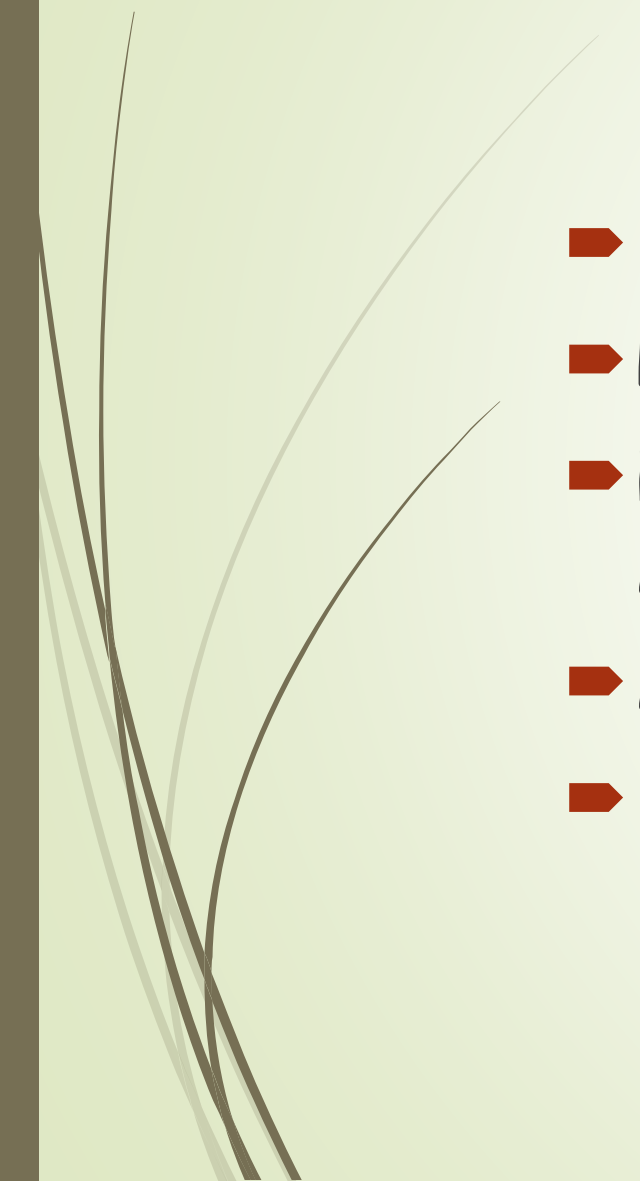
This includes usually

- Board Open sessions
- Joint Board sessions
- Retreat /Blue oceans sessions

❖ Please note : the senior management staff provide support and reports directly to the Board



# Standard procedures and Order rules

- Board Agenda
  - Performance Evaluation of the Board
  - Regular Attendance of Board and Committee Meetings
  - Management Succession
  - Frequency and Length of Meetings;
- 



# Corporate governance ?

- Good corporate governance promotes;
  - Fair, efficient and transparent organization that meet strategic objectives.
  - Systems and structures of operating and controlling organizations
  - Efficient process that creates and or adds value
  - The board of Directors formulate strategic objectives and work plans
  - The structures maintain corporate integrity, reputation and responsibility to stakeholders
  - Board initiates, influences, evaluates and monitor actions of Management team and holds them accountable.





## Cont.

- Board is not a rubber stamp of management
- Board operates under the objects, mandates established by shareholders/stakeholders
- Utilizes resources entrusted to them efficiently and effectively to meet the expectations of the owners.
- The board acts diligently and will be held jointly and severally responsible for its affairs.
- They must ensure full compliance with the law, ensure full disclosure of financial information and in proper communication media.



# Instruments to Enhance Effectiveness

- Board Charter setting out procedural rules
  - Clarifies leadership roles and core responsibilities
  - Reserves matters specifically reserved to board
  - Sets management delegations and reporting arrangements
- Comprehensive induction for new directors
  - Legal and regulatory obligations
  - Financial structure of business, budgets and KPIs
  - Understanding of strategic priorities and current status
  - Familiarize with business operations, e.g. site visits

# Instruments to Enhance Effectiveness

- Annual board work plan
  - Meetings and budget cycle,
  - Annual reporting
- Code of ethics or statement of business principles
  - Defines corporate values and conduct of staff and directors
  - Integrity :Bare minimum?



# Common Board Shortcomings

- Poorly planned meeting: Agenda ,venue,
- Poor time management
- Lack of clear of agenda
- Veering off the mission
- Complacency
- Multiple voices
- Micromanaging



## Six Critical Questions for Directors!

- Do I believe I have all the **information**?
- Have I the necessary **skills** to make this decision?
- Do I have any **conflict** in this matter?
- Objectively, is this a **rational business decision**?
- Can I explain this in a **transparent** manner?
- Is it a **responsible discharge** of my duties?



# Organizational Culture

Set of properties of the work environment, perceived directly or indirectly by employees, that influence their behavior

Does your organization promote innovation?

Who gets reward?

## Strategic Performance Management

*Manage performance and create an environment where employees succeed!*



# Performance Management

Focus on the entire organization, a department, an employee, or even the processes to build a product or service, as well as many other areas.



# PM the Dashboard?





# Resource configuration



# Right recruitment





# Coaching





# Risk Management



# Rewards



# 360 degree assessment

- Boss
- Customer
- Reports
- Peers
- Me: self development








# Performance management (PM)

- Process through which organizations align their resources, systems and employees to strategic objectives and priorities.
- **Performance management (PM)** includes activities which ensure that goals are consistently being met in an effective and efficient manner.
- The Board and the management sets the targets to be met, they are evaluated on the ability to execute them

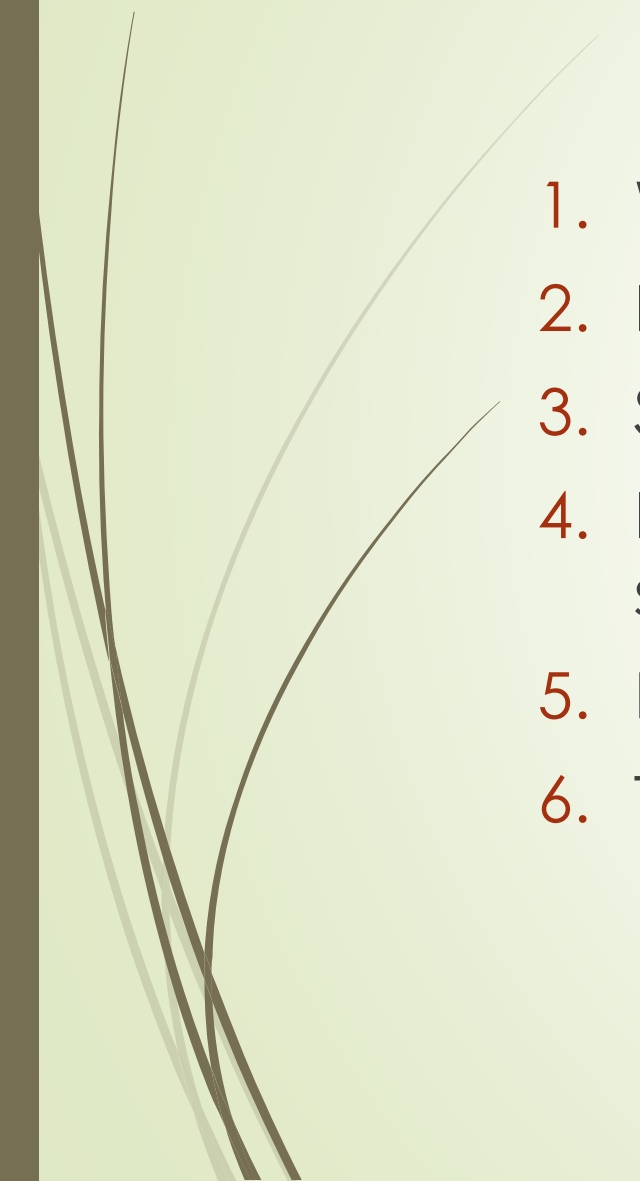


# Performance management cycle

- *Performance planning* where goals and objectives are established
  - *Performance coaching* where a manager intervenes to give feedback and adjust performance
  - *Performance appraisal* where individual performance is formally documented and feedback delivered
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# Performance Management process

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1. Work is planned and expectations are set
  2. Performance of work is monitored
  3. Staff ability to perform is developed and enhanced
  4. Performance is rated or measured and the ratings summarized
  5. Risk modeling and impact analysis
  6. Top performance is rewarded



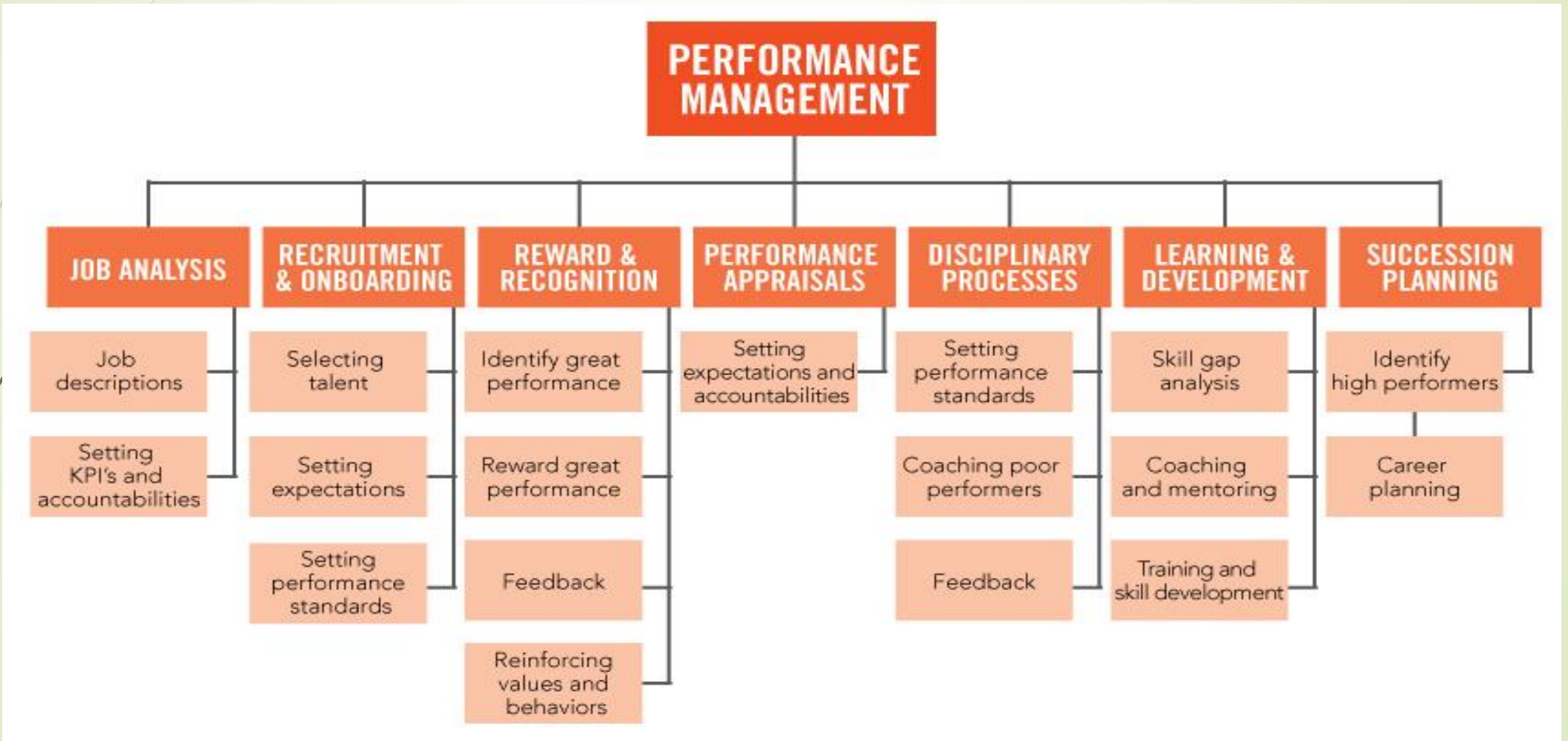
# Key Performance indicators



A performance problem is any gap between Desired Results and Actual Results.

Performance improvement is any effort targeted at closing the gap between Actual Results and Desired Results.

# Performance spectrum



# PM Process



# PM the game





# Strategy Execution



# Soul searching?

- Governance : Board Charter, Board Appraisal, Code of conduct, Vetting, Electoral and Remuneration policy
- Strategy & Technology: Evaluation of ERP, Internet utilization?
- Performance Scoring: Dashboard? KPI?
- Benchmarking Reviews:  
Internal audit?  
Strategic plan?





Will you remain relevant in the future?



**Management paradigms**

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