

## **Two Last Things for Your Board to Get Right**

*Phil Kenkel*

*Bill Fitzwater Cooperative Chair*

A few weeks ago I started discussing the areas that a good board needs to get right. A good board needs to have the right structure, the right members in that structure using the right process and evaluating the right information to focus on the right decisions with the right follow through. Admittedly, that is a lot of things to get right. However, there are two more areas which you might not have thought about.

A good board needs to have the right culture. Culture involves the “soft” elements of board process and is difficult to define and refine. Board culture is the accumulation of traditions and habits of work that have developed over time. Culture involves the written and unwritten rules that guide behavior. The style of meetings and the style of debate are part of a board’s culture. Culture also relates to the degree of formality in the boardroom, the level of openness of discussion and the critical thought processes of the directors. Culture cannot be ignored or taken for granted. It requires careful consideration and nourishment from all members of the board, and especially from the board chair.

The final area your board needs to get right is remuneration. Board member remuneration is almost a forbidden topic in agricultural cooperatives. In most cooperatives, board member compensation is mostly symbolic. Having customer owners on the board is a key difference and key strength of the cooperative business model. Cooperative members may even be reassured by the fact that board members are basically volunteering their time and thus are only driven by an unselfish desire to improve their cooperative. While admitting that we cannot compensate board members on a level comparable to corporate boards, cooperatives should not ignore the need to reward board members for their time and effort.

The best path may be through opportunities for education and personal development. Board education programs improve skills in finance, strategic planning, feasibility assessment, project management, decision making and host of other topics. Board members can use those same skills on their own operations. Cooperative industry retreats and conferences also let board members get a big picture view of the issues and development in agricultural industries. They also allow for cross pollination with CEOs and board members from other industries. Cooperatives may not be able to compensate directors for what their time is worth, but they can make their board tenure a worthwhile experience.

Building a great board is simple. You just have to make the right decisions in the right areas at the right time! As they said in the 1960’s “right on”!