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REPORT OF A.C.D.I. TRAINING CONSULTANT

to the

TONGA COOPERATIVE FEDERATION PROJECT

including

RECOMMENDED TRAINING PLANS

September - October 1985

by

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## SCOPE OF WORK

(As stated in letter from Donald H. Thomas,  
President A.C.D.I. dated 9 September 1985.)

A. Your scope of work is as follows:

1. Evaluate training needs of the Tonga Cooperative Federation (TCF) for remainder of project and recommend in-country training programs to meet the project's needs.
2. Conduct training program for TCF supervisory staff to emphasize effective supervision, training, planning and communication by supervisory personnel.
3. Conduct a training program for management committee members to help to clarify in their minds the proper relationship between the members, the management committee and management.
4. Prepare a brief report detailing work accomplished, problems encountered, possible solutions and recommendations for future training efforts. This report should be submitted to John Kreag prior to your departure from Tonga. Copies should also be submitted to AID/Suva and ACDI.

## BACKGROUND

The Tonga Cooperative Federation has made a remarkable recovery since the commencement of the A.C.D.I. assistance program in January 1982. This success story is well documented in the periodic evaluation reports of the project. Sales have increased from practically nil in 1981 to T\$3,720,490 (U.S. \$2,657,493) in 1984. From a serious loss situation in 1981 the operation has been turned around to generate a profit of T\$147,076 (U.S.\$105,054) in 1984, a net profit of 4.0% on total sales. Financial reports from eight months of operations in 1985 show sales running nearly 38% over 1984 levels while profits are 22% ahead of year to date 1984 figures. The Federation appears to be on a very well directed course to long range financial success. The advisors who designed this project and especially those who guided the organization along the road to recovery deserve the highest compliments for building this successful business.

A significant change in the structure of the organization is scheduled to occur on 1st January 1986. At the Annual General Meeting of TCF in July of 1985 the members approved a plan to split the federation into two separate organizations. TCF will continue to operate the wholesale grocery and supply business which last year generated 88.5% of total sales and all of the federation's net profits. The vanilla, handicrafts and fish marketing functions will be taken over by a new federation which is being organized at this time. It is assumed that the societies of vanilla growers, fishermen and handicraft producers will join the new federation while the societies which operate consumer shops will retain membership in TCF. Since a majority of the societies in Tonga are organized as multi-purpose (consumer and marketing) it is possible

that there will be large number of societies with membership in both organizations. Under the new structure the A.C.D.I. advisor, John Kreag, will serve as Secretary/Manager to the new marketing Federation while TCF has already selected Eric Abbott, the present Financial Manager, as Secretary/Manager Designate scheduled to assume his new duties on 1 January 1986.

The rapid growth of TCF has made staffing and staff training a large and continuing problem. From three employees in 1981 the organizations has grown to 58 permanent staff and an average of eight casual labors by October of 1985. The small population of Tonga, approximately 100,000, and the lack of business development severely limits the pool of experienced applicants that can be attracted to fill any vacancy. Staffing and training problems are further complicated by the fact that TCF now has operations on four islands with the wholesale store and fish buying station at Vava'u being 200 miles distant from the headquarters in Nuku'alofa.

The development of local personnel capable of managing the federation was one of the original objectives of this project. The identification and training of such personnel is proving to be a difficult challenge. The business has grown in size and complexity more rapidly than employees could be trained. Recruitment within the country for people with experience in accounting, merchandising, sales or supervision have been discouraging. Many supervisory positions have been filled by promotion from within while others have been filled with applicants short of the desired qualifications. Consequently, the entire staff, except for the two top positions, seems in need of additional training and experience just to reach the desired level of performance at their present jobs.

Funding for overseas training for the two top positions, Secretary/Manager and Financial/Manager, was provided in the original project grant. After a long search failed to identify any local candidates qualifying for either position expatriates were eventually hired. Some restructuring of executive duties have resulted in the two top positions now being the Secretary/Manager and the Merchandise Manager. Overseas training for the individuals selected is neither needed or appropriate. Therefore, the funds reserved for that training can now be applied to other areas of need.

It should be emphasized that development of local management remains a goal of TCF but, now the organization can recruit and develop that talent over a much longer time frame since the present level of operations and profits can attract and support expatriate management as long as necessary.

While the federation itself has made dramatic progress over the past three years the primary societies, which own the TCF and for whom the TCF is designed to provide products and services, have failed to develop. TCF has followed a policy of promoting the sale of groceries and supplies to the private sector as well as the cooperative sector. Selling to the private sector is essential to the success of the TCF because the primary societies by themselves can not provide enough volume to maintain a profitable wholesale cooperative business.

In 1983 sales of merchandise to member (cooperative societies) comprised 18.3% of total merchandise sales. In 1984 member sales, while increasing 26% in volume, declined to 15.6% of federation sales. Year to date figures for 1985 are not available but it is anticipated that there will be a further decline in member sales as a percentage of total business.

This relatively small base of sales to members is a potential problem for a consumers cooperative because members (owners) interests become separated from customers interests and the organization begins to take on all of the attributes of a private company. To protect the long range structure of the business as a cooperative TCF should broaden its membership base and also work as diligently at increasing retail sales through primary societies as it has at increasing sales at the wholesale level.

The TCF is governed by a nine member management committee, two of whom are appointed by the Government of Tonga, the other seven being elected at the annual general meeting of the organization as representatives of societies from specific islands or groups of islands. Committee members are elected for three year terms and are eligible for unlimited re-election. There are 77 member societies in the federation, but only about 60 operate consumer shops at this time.

The typical consumer shop handles 200 to 300 items of canned goods, dry groceries, soaps, tobacco, soft drinks, health products and a few other basic household needs. Most shops are tended by a young lady who is paid a percentage of total sales receipts (2% to 4%) as wages. In the six societies surveyed membership ranged from 26 to 77 and sales to non-members exceeded sales to members. Daily receipts at the shops ranged from an average of less than T\$100 to about T\$250 which projects to an annual range of \$30,000 to \$75,000.

## COMMITTEE MEMBER TRAINING

The scope of work called for the consultant to conduct a training program for management committee members to help to clarify in their minds the proper relationship between the members, the management committee and management.

Preparation for this training began in the U.S. through phone interviews with the the federation's Secretary/Manager, John Kreag, and Donald Crane of A.C.D.I. to get a better understanding of the training needs and to gain some knowledge of the educational level and experience of the trainees. Program ideas and training materials were gathered from CENEX Cooperative, the University Center for Cooperatives at Madison, Wisconsin, the Wisconsin Federation of Cooperatives and the World Council of Credit Unions training department.

After arrival in Tonga discussions with John Kreag and Eric Abbott, the federation's Financial Manager, further identified the training needs and the problems of assembling the committee for an extended period. A proposed schedule and a general outline of topics was prepared for consideration by the committee members residing in Nuku'alofa and the Registrar of Cooperatives. Since the majority of the committee are employed and could not attend training sessions during the day we proposed four sessions from 3:00 p.m. to 7:00 p.m. This idea was accepted and the outline of topics was endorsed with only a few minor changes.

Since four of the members would be traveling to Nuku'alofa from islands as distant as 200 miles the training sessions were scheduled around the regular committee meeting on 8 October. This provided the added benefit of an opportunity for the trainer to observe the committee in regular monthly meeting.

Mr. Fononga Tu'ipeatau, the Registrar of Cooperatives took a great interest in the training and proposed that he present the lecture on Cooperative Principles. Because four of the nine committee members spoke little English it was necessary to provide a translator. The Registrar agreed to provide a translator from his department who would be familiar with cooperative terminology and could attend all sessions. This translator also translated all of the papers and exercises to be used during the training sessions so that the non-English speaking members could participate fully.

#### Participants

'Apolo Lufe	Committee Chairman	Tongatapu Societies
'Aleki Sisifā	Vice Chairman	Government Appointee
Hama Na'ati	Treasurer	Tongatapu Societies
Sini Nafe	Committee Member	Vava'u Societies
Mosese Tukufuka	" "	Vava'u Societies
Salesi Takau	" "	Tongatapu Societies
Moimoi Fakahua	" "	Ha'apai Societies
Sione Mofoa'aeata	" "	'Eua Societies
Falekava Kupu	" "	Government Appointee
Fononga Tu'ipeatau	Advisor	Registrar of Cooperatives
'Alipate 'Uliafā Vaka	Translator	Cooperative Officer

Because the trainer wished to promote open discussion and explore any possible points of conflict between the committee and the Secretary/Manager or with the Secretary/Manager Elect who will take office on 1 January 1986, these two officers were excluded from the training. However, they were invited to the closing session for a review of the course and to hear the trainers recommendations of changes in committee procedures.

The following course objectives were posted and clearly explained to the participants.

1. To study the proper function of a management committee in a large, federated cooperative.
2. To help you define your role as a committee member.
3. To learn how your cooperative can make the best use of your Sec/Manager.
4. To practice methods for your committee to operate effectively and make sound decisions.
5. To establish long range aims of the federation to offer direction to management.

The objectives were well met with the exception of number four. Lack of time and the need to translate all discussion into Tongan precluded the use of some exercises. However, after observing the committee in session, the trainer did not feel that any serious problem existed in the ability of the group to operate as a committee.

Appendix 1 includes a schedule for the training course and all of the exercises used. The trainer used the discussion method as much as possible, although the need for translation slowed progress greatly.

As an opening exercise the participants were asked to list "The three greatest problems facing the Federation today". This exercise was intended as an ice-breaker but the responses were so revealing that they are included in this report. The responses were open-ended and expressed a variety of thoughts, but for summarization are placed into categories.

Management Committee Functioning or Training Needs.....	6
Staffing Problems in TCF.....	4
Relationship between Mgnt. Comm. and Sec/Mgr.....	3
Failure of Primary Societies to Support TCF.....	3
Lack of Service to Societies on Outer Islands.....	3
Acquiring New Land and Buildings.....	2
Bifurcation of the Federation.....	2
High Salaries in Federation.....	1
Financial Condition of TCF.....	1
Development of Handicraft Business.....	1
Credit Sales by Primary Societies.....	1
	<hr/>
TOTAL RESPONSES	27

Also of interest was the difference in perception of the respondents reporting in English with those reporting in Tongan. Those in English were primarily concerned with internal affairs of the Federation while the three members reporting in Tongan were primarily concerned with services and relations with the primary societies.

Attendance at the training sessions was very good. Of the total of 40 possible training days there were only two absences for a participation rate of 95%.

In the course of the training the participants were advised to consider their responsibilities as identical to the directors of a corporation rather than as a part of the professional management team. They were encouraged to look outward and provide communication with the membership, the government and the business community. The committee members were encouraged to concentrate their efforts on the long range direction of the organization and allow the manager a large measure of freedom in month-to-month and internal operations. The committee was reminded that a professional manager would nearly always be diligent in his efforts to operate efficiently and generate profits. The committee was encouraged to rely upon a highly competent outside auditing firm to provide them with their basic control on the manager.

An analysis of the Management Committee of TCF in session indicated that the problems and functional difficulties of the committee are within the range anticipated for a cooperative committee designed to represent a broad range of membership. The problems of this committee are compounded by the lack of a common language between the expatriate managers and some of the committee members. The possibility of requiring English language competence to qualify for the committee was discussed but it was felt that while this requirement would expedite discussion at meetings it would also eliminate those candidates who are most representative of the cooperative societies. It was felt that such a move would not be acceptable to the membership at this time and committee discussions continue to be held in Tongan and English.

During the training sessions the following suggestions were offered by the trainer to improve committee operations in the future.

1. All committee members should be active in communicating with primary societies. Committee members should be reporting to societies on TCF affairs and learning of society problems. TCF should consider reimbursement for transportation expenses.
2. The recurrence of personnel problems, conflict with the manager over some personnel decisions and the amount of meeting time spent on personnel issues all suggest that a standing sub-committee on personnel would be useful. This sub-committee would have the following objectives:
  - a. Negotiate annual contract with Sec/Mgr.
  - b. Assist Sec/Mgr in search for candidates to fill open positions.
  - c. Advise Sec/Mgr on selection of employees (needed because of expatriate management at this time).
  - d. Advise manager on salary rates and benefit plans for employees.
  - e. Act on behalf of committee to give approval for hiring or sacking of employees.
  - f. Oversee the efforts of Sec/Mgr to develop local management.
3. The committee should consider meeting on a bi-monthly basis. With standing sub-committees and professional management in place it should not be necessary for the committee to meet every month which is quite costly because of transportation from outer islands, meeting allowances and per diem. Written management reports could be issued on alternate months.

4. A nominating committee should be used to insure that well qualified people are nominated to fill committee positions. There may be some resistance to this move so an educational effort to inform society members of the change will need to be mounted in advance of any proposal to change the by-laws at an Annual General Meeting.
5. The problem of not getting adequate information from the Sec/Mgr can be alleviated by being specific in requests and putting such request in motions adapted by the committee. This problem was not observed by the trainer but it was considered a problem by several committee members.

During the final session, in an exercise designed to keep the committee focused on the long range concerns of the federation, the committee was asked to develop a "Statement of Purpose" for the organization. Developing such a statement is not only a good training exercise but is very timely for this organization since the purpose of the federation is in the process of being changed due to the spin-off of the marketing federation. From the ideas put forth by the participants the following statement was drafted and is proposed for formal adoption by the committee.

## Statement of Purpose

### Tonga Cooperative Federation Ltd.

- To serve our members by operating an efficient and profitable wholesale business procuring groceries and supplies at the most favorable terms, offering good service and selling at a fair price.
- To grow and expand by adding products needed by the people of Tonga, extending service to additional parts of the Kingdom and by increasing the sales of the current products.
- To preserve the fiscal integrity of the business by earning profits and building capital reserves in relationship to the size of the business.
- To be a good employer providing fair wages, a secure job, training and promotional opportunities to our employees.
- To contribute to the strength of the cooperative movement by helping our members, the Cooperative Societies, to improve and expand their retail operations.
- To encourage the development of new cooperative enterprises by making loans to or investments in other cooperatives.
- To share our success with other cooperators and all Tongans through charitable acts.

## SUPERVISOR'S TRAINING COURSE - OCTOBER 1986

The scope of work called for the consultant to conduct a training program for the TCF supervisory staff to emphasize effective supervision, training, planning and communication by supervisory personnel. Preliminary interviews with the secretary/manager, the financial manager and with some of the supervisory staff indicated that all of the listed skills were truly areas in which training was needed. However, because of time constraints it was necessary to narrow the training objectives for this course.

The secretary/manager suggested that the training program be focused on planning. He felt this was a critical need of the organization and the time was appropriate since long range (3 year) plans for the new federation needed changes because of the bifurcation, and yearly plans for both organizations needed drafting prior to the November management committee meeting. Including the supervisory staff in the planning process is an important part of getting their support in carrying out the plans.

Conducting training courses for first line supervisors during business hours is difficult at TCF. The organization is highly departmentalized and workers are dependent upon close supervision. Evening classes were considered but it is difficult to get good attendance in the evening. A compromise schedule of 4:00 p.m to 6:00 p.m. was established, with the staff divided into two sections, half meeting on Mondays and Wednesdays, half on Tuesdays and Thursdays. Each supervisor was scheduled for 16 hours of training. However, with the normal absences from work plus the occasional priority of job duties over training, attendance averaged about 75%.

The following employees were enrolled in the supervisory training course.

Elone Vakasiuola	Fishing supplies Store Manager
Edgar Cocker	Inventory Accountant
Hei'one Tautua's	Hand Crafts Store Supv.
Folauhola Taimikovi	Hand Crafts Store Mgr.
Alani Talia'uli	Fish Market Mgr.
Isita Liu	Accounts Clerk
Lomekina Pahulu	Sales Manager
Fotuaika Fakelelu	Muku. Store Manager
Sione Lutui	Warehouse Supv.
Soane Talanoa	Financial Accountant
Siotame Likio	Inventory Clerk
Tupetaiki Manu'otalaha	Customs Clerk
Filifai'esea Lilo	Sales Co-ordinator

Topics covered during the eight sessions were:

Session 1	-	Introduction to Management Cooperative Principles
Session 2	-	The Elements of Planning Writing Good Objectives
Session 3	-	Planning of Daily Work
Session 4	-	Selecting and Supervising Subordinates
Session 5-8	-	Developing Long Range (3 yr) and Annual Plans for your Unit.

The training was largely participative with a great deal of discussion and many examples drawn from their own organization. Each trainee was required to prepare a plan for some project or procedure from his or her own job, then

present the plan to the class. Thus it became an exercise in communication as well as planning. The course was planned to motivate and encourage the trainees rather than overwhelm them with theoretical concepts.

From the schedule it can be seen that half of the time was devoted to the development of plans for the organization. As a group exercise the trainees were asked to give their ideas of what the organization should be three years in the future in terms of facilities, business volume, operations, products, etc. All ideas were listed, the group was then asked to identify problems or constraints that might prevent the organization from reaching the goal and to identify ways of solving the problem or constraint. The ideas were narrowed down to the more practical or feasible and then the group was asked to establish measurable goals for the coming year. The next step was to compare the plans developed by this group with the three year plans and annual goals established one year ago. From the two sources the group was able to agree on some realistic goals for 1986 and upon some long range objectives for the organization. The organizational plans developed in this training course are attached as Appendix 2. It should be realized that the plans included here are only proposed plans at this stage. The plans will be studied by management, a budget consistent with the plans will be prepared, and then the plans will be presented to the management committees of the respective organizations for approval.

The sixteen hours of training provided through this course can not be considered adequate for any of these employees. Many of these people are recommended for additional training through the ICA Supervisory Training Course or Customer Relations Course. Given the normal turn-over of personnel to be expected in any organization plus the additional needs in a rapidly growing

organization, staff training must become a regular, permanent function, not a one-time short-term campaign.

## PRIMARY SOCIETY TRAINING AND DEVELOPMENT PLANS

The reasons for TCF to be concerned about sales at the primary society level are explained in the section entitled Background. Discussions with officers from the Department of Cooperative, TCF Committee Members, TCF employees and personal observations at seven primary societies indicated the following problems or constraints to increasing business volume at the consumer shops.

- Limited membership policies
- Failure to remain open at hours convenient to buyers
- Lack of capital
- Poorly trained shopkeepers
- Unattractive and dirty shops
- Poor signing
- Poor lighting
- Lack of merchandise
- Financial losses due to theft or credit sales
- Poor pricing policies
- Limited facilities
- Poor location
- Antiquated record keeping systems
- Poorly trained management committees
- Lack of interest in improvement
- Failure to employ a Secretary/Manager
- Frequent turn-over of shopkeepers

Training can address many of the problems identified. However, to be effective the training will need to be quite broad, reaching committee members, shopkeepers and in some cases society members and potential members. The training program will need to be coupled with an incentive program to encourage local action and followed by visits to the society to re-inforce commitment to action. The training program will need to be motivational and inspirational as well as instructive.

Society training is an on-going concern of the Government of Tonga Cooperative Department. The program proposed herein was planned with the Registrar of Cooperatives, Mr Fononga Tu'ipeatau, who will give solid support and leadership to the training effort. TCF supervision and personnel will also be required. Mr. Eric Abbott has agreed to name an experienced employee to carry out the program. There was no opportunity to gain the approval of the TCF management committee during the consultants works in Tonga, but the committee had previously indicated a strong desire to support and assist primary societies so there is no reason to doubt that the TCF committee will approve this plan.

At the beginning of this program it would be beneficial to sponsor an all day meeting to gather input on the problems faced in trying to rejuvenate the consumer shops. Cooperative officers, TCF Management Committee Members, TCF employees and any other cooperative leaders can be invited to attend. Getting input from a broad base will help in the design of a sound program and will also help to build support for the implementation of the program.

## Objectives

The objectives for this program will be:

- To increase the percentage of TCF's sales to members by 1% per year.
- To secure a larger share of the retail grocery and supply market for cooperative societies.
- To install a new enthusiasm and pride within the operators of the cooperative shops.

Specific training objectives should include:

- Hold 20 one day training sessions for primary society management committee members.
- Invite every society in Tonga to participate.
- Get attendance of at least 50% of all Management Committee Members.
- Enlist 15 societies in a program to improve their merchandising and train their shopkeeper.
- Get shops started at 5 new societies.
- Establish one "model" shop on each island, Tongatapu, Vava'u and Ha'apai to demonstrate good merchandising to other societies.

## Basic Strategy

- One day training session for primary society management committee members at 20 locations.
- Identification of those societies which have an interest in improving or starting a consumer shop.
- Follow-up call to societies to identify problems and prepare action plan.
- Offer of some incentive such as an identifying sign to societies making improvements.

- One day on-the-job training session with the shopkeeper at participating societies.
- Membership rally (2 hour meeting) at new societies and at those societies wishing to increase membership.

### Staffing

The training will be carried out by a two person team, a Cooperative Officer from the Education Section of the Cooperative Department and a Member Education and Development Coordinator to be selected by TCF. The Cooperative Department will assign an experienced officer to work exclusively on this campaign from 1 January 1986 to 31 August 1986. TCF will name an employee experienced in merchandising and TCF operations for this same period. When organizing and conducting the one day training session for primary society committee members the team should be assisted by the local Cooperative Department officer and a TCF Management Committee Member from the island. Involving as many people as possible in the training will be helpful because these people will receive training through their involvement and become supporters of the effort to re-vitalize consumer shops.

Selection of the proper individuals to carry out the program is critical because there is no opportunity for formal training of the trainers. In working out this plan with the Registrar of Cooperatives, the A.C.D.I. advisor and the TCF secretary/manager designate all agree on the type of individuals needed and several possible candidates were discussed. Experienced people from both the Cooperative Department and TCF will be named. Initially, they will work under John Kreag in planning the program, but direct supervision should more logically remain within

TCF and can be shifted to the secretary/manager after the financial procedures are established. The cooperative officer will remain within the Cooperative Department and continue to be responsible to the Registrar, but shall work full time on this program.

### Financing

Other than the salaries of the two trainers all of the expenses of the program should be paid by A.C.D.I. Major expenses will be per diem, transportation, meeting expenses and training supplies. It is not possible to make an accurate estimate of all of the expenses to be encountered, so the implementers of the plan should be given freedom to work within the total budget for this program. A total of T\$12,000 should be reserved for this program.

### Time Frame

- Dec 1985 - Select the two trainers
- Jan 1986 - Trainers begin work
  - Prepare program ideas and training materials
  - Select dates and venues for first two Mngmt. Com. Mem. training days in February.
  - Invite Com. Mem. and Promote Attendance.
- Feb 1986 - Conduct 2 Mngmt. Com. Mem. training days
  - Make follow-up calls at societies in attendance
  - Conduct on-the-job training for shopkeepers of societies expressing interest.
  - Schedule 4 meetings for March
- March through June 1986 - Conduct 4 Mngmt. Com. Mem. training days each month with appropriate follow-up training at societies expressing interest.
  - Hold member rally at new societies or those wishing to expand membership.

## July & Aug

- 1986
- Conduct final 2 Mngmt. Com. Mem training days and make follow-up calls.
  - Contact all new societies and registered societies without shops to promote start-up.
  - Call back at all shops engaged in improvement schemes to evaluate progress, retrain shopkeeper.
- Aug 1986
- Write detailed report listing activities, number of meetings and participants, and an evaluation of results.
  - Prepare recommendations for TCF and Cooperative Department for an on-going education program to keep member societies growing along with TCF.

### Proposed Training Program Topics

Management Committee Member Training (Suggest all day program with noon meal)

- Welcome (local Cooperative officer).
- Report on TCF growth, products, services, profits.
- Cooperative principles and benefits of cooperation.
- Explanation of distribution of TCF profits.
- Exercise in local store operations, stressing margins, shrinkage, credit control.
- Demonstration on merchandising with photographs and posters.
- Discussion of products or services needed by co-op members on this island.
- Report on merchandising help available to societies such as freezer loans, signs, training of shopkeeper, member rally.
- Individual society discussion groups to decide if they wish to have TCF help to improve their shop operations.

- Reports from each society.
- Establish date to work with shopkeeper (and interested committee members) at societies wishing to improve.

#### Shopkeeper Training

(On-the-job at society shop)

- Clean up of shop.
- Arrangement of merchandise.
- Calculation of prices and mark-ups.
- Attractive displays.
- Advertising signs.
- Record keeping.
- Stock levels.
- Ordering and receiving merchandise.
- Security from theft.
- Selling and customer relations.

#### Membership Rally

- Benefits of cooperation
- Cooperative principles
- Story of TCF growth and success
- Explanation of how society members conduct affairs at annual general meeting.
- Invitation to join the society.

#### Job Duties for TCF Member Education and Development Coordinator

- Develop member education materials and programs.
- Instruct primary society management committee members in successful consumer shop operations and merchandising techniques.

- Advise societies on improvements needed to increase sales and profitability of consumer shops.
- Provide on-the-job training in merchandising and good shop operations to shopkeepers.
- Inform member societies of the benefits of trading with TCF.
- Provide advice and assistance to societies setting up a new shop.
- Assist Cooperative Officer in conducting member rallies.
- Keep accurate records of training activities, results and expenses.

## FEDERATION STAFF DEVELOPMENT PLANS

The two separate federations that will result from the bifurcation of the present organization will result in cooperatives with quite different short term needs as to staff development. TCF, the ongoing organization which will continue in the profitable wholesale grocery business, has contracted experienced, expatriate managers for the two top executive positions, both for three year terms. Furthermore, the business is generating a healthy profit and would appear capable of attracting and paying for expatriate management as long as necessary. TCF now has staff training and development needs that would be common to any rapidly growing business operating in Tonga. But they have the time and the resources to address those needs.

In contrast, the new marketing federation to be formed will take over the less profitable, developmental operations such as vanilla marketing, fish marketing and supplies and handicraft marketing. The cooperative will have an experienced, successful secretary/manager provided by a donor agency to head the organization for the first eight months, but no commitment of donor assistance thereafter. The one overriding staff development concern will be to select and train a Secretary/Manager capable of managing the cooperative by 1 September 1986 when expatriate leadership may be ended.

There is a general feeling of confidence among the cooperative leaders and government officials of Tonga that on-going donor assistance will be available for at least another two years. If additional technical assistance is forthcoming it could be used to provide an expatriate secretary/manager for the new federation for the duration of the assistance. However, at the time of the writing of this report and for the purposes of planning the use of funds

within the current A.C.D.I. contract there is no assumption of a follow-on project by USAID or other donors.

Therefore, first priority must be given to selecting and developing a secretary/manager. Given the problems encountered and the lack of success in developing local management for TCF the task will not be easy. It shall require a strong commitment of time and purpose by the founders of the organization as well as financial assistance so that any opportunity for training or development can be seized.

Even if a donor agency provides sufficient technical assistance to place an expatriate advisor in the new federation for an additional two years it would not be in the best interest of the long range development of the organization, in the opinion of this consultant, to have the expatriate advisor serve as secretary/manager. While the organization might suffer some set backs and temporary problems under an inexperienced local manager, the individual will develop more rapidly bearing full management authority and responsibility than in a second level position. Furthermore, the transition to local management must be accomplished some day, and it will be easier when the organization is small and while there is an expatriate advisor and a donor organization to help. Therefore, a qualified Tongan should be recruited and moved into the top management job as quickly as possible.

Both the TCF and the new federation face a special problem in training staff working outside of Nuku'alofa. All of the training courses described in this report are applicable only to personnel living in or near Nuku'alofa. TCF has dealt with this problem for some jobs, such as branch store managers, by bringing them into Nuku'alofa for a short period of work in the main store. For specialized jobs, such as fish purchasing or vanilla purchasing which are

concentrated on the island of Vava'u, transfer to Nuku'alofa is not appropriate. The training must be done at or near the work site. The additional A.C.D.I. advisor to be assigned to this project in January 1986 will be stationed on Vava'u and should be used heavily as a training resource person. Unfortunately, the new advisor will not be working directly with TCF and therefore will not be in a good position to train TCF staff.

To make progress in employee training and development TCF and the new federation will need to place a higher priority upon attendance at training courses and accept the fact this will sometimes add expenses, interfere with operations or force the temporary transfer of an employee to cover for someone in training. With local training opportunities limited as they are, the cooperatives can not afford to by-pass the opportunities that do exist.

#### Local Training Courses

TCF has established a policy of paying the fees for any business related correspondence courses that employees wish to enroll in and complete. This policy should be continued and more employees encouraged to participate. However, the range of courses is limited and participation is small because correspondence courses require a lot of personal time and a high degree of self-motivation.

While some private schools from Australia offer correspondence courses throughout the South Pacific region the best available resource is the University of the South Pacific which has a centre located in Nuku'alofa. All courses offered at Nuku'alofa are basically correspondence courses designed for home study, but individual and group assistance is available for some courses and examinations are given at the local centre. The extension service

of the University offers basic, secondary and vocational courses in addition to the degree courses. Secondary courses which may provide training applicable to certain jobs at the federation include:

Foundation Mathematics	Foundation English
Elementary Statistics	Science and Society
Foundation Physics	Basic Principles of Administration
Basic Accounting	

Vocational Courses of value include:

- Basic Administrative Techniques
- Project Planning
- Statistics and Social Analysis
- Advanced Administrative Techniques

Degree courses available by correspondence from the U.S.P. and of value to the cooperatives are:

- Basic Mathematics
- Introduction to English
- Macroeconomics
- The Study of Society
- Introduction to Administration
- Fundamentals of Accounting
- Application of Accounting
- Managerial Accounting

Over a long time span the U.S.P. courses can help the federation to develop supervisory and managerial skills. But the process is slow and for reasons previously mentioned the number of employees to participate will be very few. However, since the cost is very low, T\$65 for degree courses, less for vocational

and secondary, both federations can afford to continue the present policy of paying the fees for any employee who wishes to enroll in job related courses.

The Institute of Cultural Affairs branch in Nuku'alofa offers a course in Effective Supervision which, from an examination of the syllabus, is well suited for any of the supervisory staff. The course is designed to teach skills in communication, problem solving, decision making, and motivating, training and evaluating subordinates. It is taught in Tongan and deals specifically with solving some of the problems of meshing modern business practices with local cultural and ethical traditions.

One TCF supervisor has completed the course. More extensive participation has been limited by difficulties in releasing employees from their regular duties to attend classes. The course consists of eight sessions meeting ½ day per week. The Government of Tonga and other employers in Nuku'alofa have used the course quite extensively.

The I.C.A. also has available a course in Customer Relations for sales and customer service employees that would fit the training needs of both federations quite well. The course is designed to help employees see their job in terms of helping customers. Practical training is offered is basic skills such as greeting customers, promoting merchandise, answering customers questions and responding to customer's needs. A session on salesmanship can be included. This course is structured into six three hour sessions. With at least 10 participants the course can be presented exclusively for the cooperatives at a time of their convenience. It is recommended that both federations offer this course to all retail contact personnel at a session meeting one evening per week. With an evening meeting there will be no interruption of business but there will be a need to pay overtime, provide a meal and provide transport.

English Language Training for TCF employees in Nuku'alofa was initiated in August of 1985. A well qualified American teacher is conducting the training for 11 employees. The course, which is scheduled to run four months with each employee attending one hour per day, five days per week, was offered to all employees on a shared time basis, that is, ½ hour can be counted as work time and ½ hour as employee lunch time. Because the employees are at many different levels of speaking and writing competencies the instruction must be highly individualized. Half way through the four month course all of the students are enthusiastic and wish to continue with an advanced course if it is offered. A few additional employees would enroll in the course if it were offered during work time, but they do not wish to give up ½ hour of lunch time to enroll. Although no objective evaluation of improvement in job performance was possible, it is the subjective opinion of the consultant that English Language competency is one of the important skills needed by the organization and the training should be continued.

Recommended Staff Training Program

ICA Effective Supervision Course

Participants: Nuku'alofa Store Manager  
Nuku'alofa Warehouse Manager  
Financial Accountant  
Fish Market Manager  
Fishing Supplies Store Manager  
Inventory Accountant  
Handicrafts Store Manager

Cost: \$125 each \$875

(Course is offered approximately once per quarter. Enroll 2 or 3 supervisors in each session)

ICA Customer Relations Course

Participants: All Nuku'alofa employees with customer contact.

Nuku'alofa Store Mgr. and Staff	5
Handicrafts Store	2
Fish Market	2
Fishing Supplies	1
Nuku'alofa Delivery Trucks (1 each)	2
Receptionist/Secretary each office	2
Sales Manager & Coordinator	2
Training & Development Coordinator	1
Total	<u>17</u>

Cost: \$125 each, 120 meals, transport \$3,000

(Course will be presented exclusively for cooperatives. Cost is negotiable. Could be divided into two groups to include more employees and to encourage greater individual participation).

U.S.P. Courses

Continue the policy of paying fees for any employee enrolling in a job related to course .

Anticipated participation:

2 Employees - 4 courses each \$600

Special Provision For Selecting And Training New  
Federation Secretary/Manager

Funds should be reserved to aid in the search for the best person available and to pay for any training and development activities appropriate to the

individual selected. Extra travel with in Tonga is likely and, dependent upon who is selected, it may be advisable to create the position of Secretary/Manager Trainee and pay the salary for several months as a staff development function. The two A.C.D.I. advisors in the country should include the trainee in a broad range of managerial activities through-out this period. A.C.D.I. training funds could also be used to keep one of the advisors in-country for an additional two or three months to provide more on-the-job training for the local secretary/manager during the critical period of assuming a management responsibility.

English Language Training

Four months additional training for 10 participants.

Instructor's salary, classroom rent, supplies at \$1000 per month \$4000

Budget For Staff Development (Jan - Aug 1986)

Effective Supervision Course	T\$ 875
Customer Relations Course	3,000
USP Correspondence Courses	600
English Language Training	4,000
Secretary/Manager Development Fund-New Federation	8,000
2 Months Additional A.C.D.I. Tech. Asst.	12,000
	<hr/>
	T\$28,475

## SUMMARY

The consultant spent six weeks in Tonga, arriving 19 September 1985 and departing 1 November 1985. Ten days were spent in orientation activities and background studies which included observations of all of the TCF operations in Nuku'alofa, interviews with a majority of the employees, discussions with the secretary/manager and financial manager, interviews with five of the management committee members, visits to several primary societies, interviews with the Registrar of Cooperative and six of the officers in the department and a trip to the island of Vava'u to observe vanilla and fish procurement operations of TCF.

A 16 hour training course for the nine management committee members was presented during the week of 7-11 October. The trainer had the opportunity to observe the committee in their regular monthly meeting. The training concentrated upon the duties and responsibilities of the committee, the proper functioning of the committee and relationships with the secretary/managers.

The consultant conducted a 16 hour training course for seven supervisors who will remain with TCF after the bifurcation on 1 January 1986 and a separate course for six supervisors who will form the nucleus of the staff for the new marketing and development federation to be formed. Both groups were given training in supervisory skills with an emphasis upon planning. The classes were used as an opportunity to involve all of the Nuku'alofa based supervisory staff in the process of developing annual goals for 1986 and longer range, three year plans.

The training needs of the Tonga Cooperative Federation include a critical need to establish more contact with their member societies and to improve

the operations and increase the amount of business done through consumer shops. At the present time less than 15% of TCF's grocery and supply business is with members and the percentage is declining. A comprehensive educational program utilizing Department of Cooperative and TCF personal and A.C.D.I. resources is proposed.

Another critical need is the selection and training of a secretary/manager for the new marketing and development federation to be spun-off from TCF on 1 January 1986. Until the person is selected it is not possible to make specific training plans, but the two A.C.D.I. advisors in-country in the first eight months of 1986 should make the training of a Tongan secretary/manager their highest priority. TCF, the on-going wholesale federation, also needs to select and develop a Tongan secretary/manager, but this has become a long range problem since the organization has contracted for expatriate personnel to fill the two top executive jobs for the next three years.

Both federations are faced with the task of trying to develop supervisory staff for rapidly growing organizations in a tiny country, population of about 100,000, where business skills are in very short supply and local training opportunities are rare. To make progress the organizations will need to put a high priority upon staff training and take advantage of all available local training opportunities, even if this sometimes interferes with efficient operations and maximum employee productivity. Specific training recommendations include placing seven supervisors in the ICA Supervisory Training Course, contracting with ICA to present a Customer Relations Course for 17 or more retail and customer service staff, continuing an in-house English Language course for another four months, and continuing to pay the fees for any business related correspondence courses in which employees are enrolled. Staff working on

Vava'u or other outer islands do not have the opportunity to attend ICA courses or in-house training programs. The second ACDI advisor, who will be stationed on Vava'u in 1986, should be given a training responsibility and concentrate on developing the staff on that island.

It is not realistic to think that the staff training needs of the federations can be satisfied during the remaining 10 months of A.C.D.I. contract. With concentrated effort some progress can be made, but staff training is inherently a long term or continuous process. In rapidly growing organizations such as TCF and the new federation the on-going needs are even greater.

**LONG RANGE OBJECTIVES**

**and**

**ANNUAL GOALS FOR 1986**

**for the**

**TONGA COOPERATIVE FEDERATION**

**as proposed by the Supervisory Training**

**Class as an exercise in planning.**

**October 21-31, 1985**

(From Management Committee Training Course)

**STATEMENT OF PURPOSE**  
**TONGA COOPERATIVE FEDERATION LTD.**

- To serve our members by operating an efficient and profitable wholesale business procuring groceries and supplies at the most favorable terms offering good service and selling at a fair price.
- To grow and expand by adding products needed by the people of Tonga, extending service to additional parts of the Kingdom and by increasing the sales of the current products.
- To preserve the fiscal integrity of the business by earning profits and building capital reserves in relationship to the size of the business.
- To be a good employer providing fair wages, a secure job, training and promotional opportunities to our employees.
- To contribute to the strength of the cooperative movement by helping our members, the Cooperative Societies, to improve and expand their retail operations.
- To encourage the development of new cooperative enterprises by making loans to or investments in other cooperatives.
- To share our success with other cooperators and all Tongans through charitable acts.

## ORGANIZATIONAL AND ADMINISTRATIVE

### Long Range Objectives

- To establish a permanent office and wholesale store in Nuku'alofa which is owned by TCF.
- To maintain adequate liquidity through the retention of a significant proportion of profits and sound financial management.
- To recruit, train and develop local staff who can eventually be promoted to executive positions.
- To provide superior conditions of service for our employees so as to build the most productive work force in Tonga.
- To establish a retail store in Nuku'alofa to serve customers making smaller purchases.
- To create associate membership status for privately operated Falckoloas allowing them to share in patronage dividends from TCF.

### Annual Goals for 1986

- To secure land at a convenient location and purchase or construct a building for a wholesale store and offices.
- To increase sales to members by conducting a member education and training program and providing incentives for members to improve their shops.
- To establish a policy to provide uniforms for employees.
- To write procedures for stock ordering and stock transfers.
- To enact a profit sharing plan whereby employees are paid a bonus based on TCF's profits.
- To concentrate on staff development by encouraging employees to participate in training courses made available through A.C.D.I. funding.

## WHOLESALE OPERATIONS

### Long Range Objectives

- To continuously strive for sales increases through improved merchandising, good display, advertising, good customer relations, offering high quality and value and introducing new products needed by our customers.
- To move to a larger store in Nuku'alofa which will be owned by TCF.
- To establish TCF owned facilities on Vava'u, Ha'apai and Eua.
- To be alert to opportunities for expansion through acquisition of competitors.

### Annual Goals for 1986

- To achieve sales of \$2,100,000 at Nuku. store.
- To achieve sales of \$1,633,000 by Nuku. trucks.
- To achieve sales of \$ 562,000 by Vava'u store.
- To achieve sales of \$ 468,000 by Vava'u trucks.
- To achieve sales of \$ 562,000 by Ha'apai store.
- To achieve sales of \$ 315,000 by Eua store.
- To achieve sales of \$ 360,000 Lapaha store
- To achieve total sales of \$6,000,000 with 10% margin.
- To install a larger freezer at the Nuku'alofa store.
- To install a cash register in a fast check-out lane at the Nuku'alofa store.
- To add a third delivery truck on Tongatapu.
- To install insulated cold storage chests on delivery trucks.
- To purchase a freezer for the Eua store.
- To establish a liquor sales department at the Nuku'alofa store.

## WAREHOUSE OPERATIONS

### Long Range Objectives

- To purchase or construct an efficient warehouse with at least 4,000 sq. ft. convenient to the wharf in Nuku'alota.
- To establish a bonded warehouse in Nuku'alofa.

### Annual Goals for 1986.

- To add 2,000 sq. ft. of storage space in Nuku'alofa, preferably by renting a larger building to replace the two smaller buildings now in use.
- To install a walk-in freezer.
- Conduct a study of trucking expenses to determine if it would be economic to buy a larger truck for internal freight transfer.



TONGA CO-OPERATIVE FEDERATION LIMITED  
TUNSI ARCADE, BOX 1272, NUKUALOFA TONGA  
PHONE: 22-777, TELEX: 66253, CABLE: COOPFED



TO:

Management Committee Members  
Tonga Co-operative Federation Ltd

W/SALES

TELETYPE

FROM:

John Kreag

T-7

You are invited to attend a seminar for Cooperative Management Committee Members to be presented by Jim Guderyon, Cooperative Training Specialist from ACDI. The seminar will be held in Nuku'alofa during the week of 7 October - 11 October. Each session will begin at 3:00 PM and conclude at 7:00 PM with a dinner provided by ACDI. You and our Federation will benefit greatly from your attendance at this seminar.

U2



IN MY OPINION

This is not a test. The statements which follow are related to the responsibilities and duties of a cooperative director. We have asked for AGREE - DISAGREE answers, rather than YES - NO, in order to give you an opportunity to check your opinion.

Indicate how you feel by checking (✓) the proper column. If there is a doubt in your mind, check a column with a question mark following. We realize some of these statements may require further elaboration, but work the exercise through as it is stated. We have tried to make the statements as clear as possible - they are not intended to confuse you, or trip you over words. The real value of this exercise lies in what you learn after it is completed. This listing is for your own use; we will not collect it.

	<u>AGREE</u>	<u>DISAGREE</u>
1. The most important responsibility of a board of directors is to employ a competent general manager.	_____	_____
2. Each director can be held legally and financially liable for the actions of the board whether or not he voted for or against those actions.	_____	_____
3. A director should purchase all of his farm production supply requirements and market all of his milk, grain, or ag products through his cooperative.	_____	_____
4. The board is charged with responsibility to formulate, approve, and implement company policy.	_____	_____
5. Directors have authority only when convened in an official board meeting.	_____	_____
6. As a general rule, a board of directors should not approve capital investments for their cooperative unless they will produce at least a 10% return.	_____	_____

AGREE

DISAGREE

7. The maximum age limit for directors serving on boards of cooperatives should be 65.
8. Cooperative board members should insist that their manager provide them with an operating and capital expenditure budget before the beginning of each year.
9. The board of directors has the authority to amend -  
(1) their bylaws;  
(2) their articles of incorporation.
10. The board should approve the employment of all administrative personnel.
11. The board should approve all capital expenditures over an approved maximum amount authorized for the manager to approve.
12. The board should insist that the year end inventories of their company be observed by the auditor or his authorized representative.
13. A board has the responsibility to initiate recommendations and to propose changes - not merely approve or disapprove recommendations made by the manager.
14. When employees talk to board members ~~about~~ about problems in the company, the board member should assure the employee that he will take care of it.
15. It is not important for a cooperative board member to attend every board meeting.
16. As assistant manager of a cooperative who has proven himself over a number of years as being very capable should be asked by the board to succeed the manager of his company.

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AGREE

DISAGREE

17. An individual board member has no responsibility to support a policy approved by the board if he himself has voted against it.
18. The board of directors should require a monthly written management report from their manager in addition to a review of the company's current financial statements.
19. Each cooperative director should represent his particular district or area rather than the entire region served by his company.
20. Close relatives of the directors or manager should be employed by the cooperative if they are capable and qualified.
- ~~21. Cooperatives should purchase supplies (such as petroleum, tires) from other cooperatives rather than private sources, if they do not handle such items themselves.~~
22. Directors should encourage their managers and key personnel to attend self-improvement sessions such as management schools, short courses, etc. at the expense of the cooperative.
23. Directors should not just attend, but should actively participate in annual meetings of their cooperative.
- ~~24. Membership in state associations or councils of cooperatives and national organizations is costly and should be discouraged by directors.~~

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**RESPONSIBILITIES OF COOPERATIVE MANAGEMENT COMMITTEE MEMBERS**

	<b><u>CANNOT DELEGATE</u></b>	<b><u>MAY DELEGATE</u></b>	<b><u>SHOULD DELEGATE</u></b>
1. Hold regular committee meetings.			
2. Hire and fire manager.			
3. Arrange for audit at least once a year.			
4. Buy and sell fixed assets.			
5. Enforce policies and bylaws.			
6. Maintain adequate insurance coverage.			
7. Manage the business affairs.			
8. Determine objectives and goals.			
9. Approve new member applications.			
10. Set date of annual meeting.			
11. Select, train and develop employees.			
12. Plan for maintenance and improvement of facilities.			
13. Fill vacancies on committee.			
14. Know your legal powers and limitations.			
15. Determine amount of net savings to be placed in reserves.			
16. Follow-up on membership resolutions.			
17. Arrange necessary finances.			
18. Fix wages and fringe benefits.			
19. Develop good community relations.			
20. Hire and fire other employees.			
21. Analyze monthly financial statements.			
22. Set wages for Secretary/Manager.			
23. Set return on capital stock.			
24. Determine duties of employees.			
25. Declare patronage refund and manner and time of payment.			
26. Issue and transfer capital stock.			
27. Determine quorum at meetings.			
28. Appoint committees and set their objectives and authority.			
29. Hold annual meeting.			
30. Supervise and direct employees.			
31. Set selling prices in store.			
32. _____			
33. _____			

"KOE NGAANI FETONGIA TOTONU 'O HA KAU HENITA KOMITI FULE  
'O HA KAUPAIA FETOKOHI 'AKI"

	He'ikai lava ke foaki pe fai ki ai	'Oku totonu ke foaki pe fai ki ai	Kuopu ke foaki pea fai ki ai
1. Ke nau fakataha komiti 'i he taimi pau ma'u pō. eg. fakauike, fakamahina etc.			
2. Ke fakangaue'i mo tuli pe fakanofu 'oe Pulē.			
3. Ke nau alea'i hono 'atita'i 'o 'oua ni'i hifo 'i he tu'o taha 'i he ta'u.			
4. Hū mai mo tu'uaki atu 'oe ngaahi koloa tu'uma'u eg. fale, ma'alele etc.			
5. Ke nau fakamalohi'i 'oe gnaahi lao fakangaue moe konisitutonō.			
6. Ke nau tauhi foki 'ae ngaahi totongi fakafoki 'oe malu'i.			
7. Ke nau rula'i hono fakalele 'oe ngaahi ngaue fakapininini.			
8. Ke nau fa'u e ngaahi kavoinga taumu'a moe ngaahi taumu'a ngaue.			
9. Ke nau fakapapa'u'i 'o ha memiva fo'ou 'oku ne tohi talangaue.			
10. Ke nau fakapapa'u'i 'no 'aho ke fai ni 'ae fakataha lahi fakata'u.			
11. Ke nau fili, ako'i mo fakalalakaka'i e kau ngaue.			
12. Ke nau palani ki hono fakalelei'i mo fakalalakaka'i 'oe ngaahi ma'angaue.			
13. Ke nau hoko foki koe fetongi 'i he ngaahi lakanga ava 'i he komiti.			
14. Ke nau mahino'i 'ae ngaahi mafai fakalao pea paha ki honau ngaahi ngata'anga.			
15. Ke nau fakapapa'u'i e lahi 'oe ma'anga malu'i ko ia ke tuku koe ma'anga malu'i fakalulufua.			
16. Ke nau muimui po 'i he ngaahi me'a 'oku 'oni fakapapa'i 'e he koton 'oe kau memiva.			
17. Ke nau alea'i ha ngaahi fakapapa'anga 'e palava			

18. Ke nau fakapapau'i e vahengā mo fakakaukau'i o ngāhi me'a ke 'ofa'aki ki ha tokotaha ngāue.
19. Ke nau fakalalakaka'i foki e tu'unga fakafeohi ki he tokotaha kotoapē.
20. Ke nau fakahu mo tuli 'oe kau ngāuē.
21. Ke nau vakai'i mo fakaikiiki 'ae ngāhi fakamatata pa'anga fakamahinā.
22. Ke nau fokotu'utu'u e vahenga 'oo Sekelitali/Pule.
23. Ke nau fokotu'utu'u e lahi 'oe totongi tuju fakafoki 'i he ngāhi 'inusi.
24. Ke nau fa'u e ngāhi fatongia 'oe kau ngāuē.
25. Ke nau fokotu'utu'u ki he vahe ponasi 'a hono founga moe taimi ko fai ai.
26. Ke tukuatū mo liliu 'oe ngāhi 'inusi.
27. Ke nau fakapapau'i o tokolahi 'oe kau fakatahā.
28. Ke nau fokotu'u e ngāhi komiti pea ke fa'u 'a 'enuu ngāhi taumu'a, pea mo honau ngāhi mafai.
29. Ke nau fakahoko ha fakataha fakata'u.
30. Ke l-'ohi mo tataki o kau ngāuē.
31. Ke nau fokotu'u e mahu'inga fakatū atu 'oe ngāhi koloā 'i he falekoloā.

He'ikai lava ke fonki pe fai ki ai	'Oicu totonu ke fonki no fai ke ai	Kuopau ke foaki pea fai ki ai

### COMMITTEE DECISIONS SOLELY

1. Defining corporate objectives, policies, and goals (but with opportunity for management participation and recommendations for setting goals)
2. Long range financial commitments, including sources and type of financing
3. Selection of chief executive (manager), establishing his salary and evaluating his performance.
4. Defining duties of chief executive
5. Filling board vacancies
6. Employing corporate auditing firm (unless bylaws provide for membership approval)
7. Retaining board legal counsel
8. Basic changes in financial structure
9. Approval of major plans and commitments
10. Matters where stockholder or member decisions are due
11. Selection of banking, insurance, and related entities
12. Approval of employee retirement and benefit programs
13. Basic affiliations with suppliers

### MANAGEMENT DECISIONS PRIMARILY

1. Defining operating- or management-level objectives, goals, and policies within constraints of corporation-wide decisions
2. Short run commitments of resources
3. Preparation of budgets, production plans, and market plans for approval by board
4. Defining duties of division and department heads
5. Administration of employee benefits program and salary determination (consistent with salary scales approved by board for key management people)
6. Selection of employees
7. Short run decisions on sources of supply that do not modify basic board decisions
8. Selection of management's legal counsel
9. Employee working conditions
10. Measurements of employee performance

### SHARED DECISION AREAS

1. Relations with government, industry, and general public
2. Insurance requirements (but not the source selection)
3. Amounts and sources of working capital
4. Engaging professional services
5. Employee benefits plans
6. Authorizing facility construction, expansion, etc.
7. Appraisal of cooperative's performance
8. Distribution of earnings
9. Financial relationships with affiliates
10. Employee bonding
11. Changes in basic organizational structure
12. Issuing capital instruments