

TRAINING NEEDS AMONG LEADERS OF SMALL COOPERATIVES

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1. What are Cooperatives?

- As an organization they are somewhat unique:
 - Usually organized by a group of people to gain sufficient economy of size to provide needed services which are either not being provided by someone else or where they feel the service can be provided more efficiently or at a lower cost for the mutual benefit of all.
 - The members are also the owners and usually the principal users of the services provided.
 - Each member usually has only one vote regardless of how much capital he has invested or how much business he gives to the cooperative.
 - Equally important, members also participate in the overall management of the business.
 - In fact, when someone becomes a member of a cooperative he/she is expected to:
 - Provide most if not all of the risk (equity) capital.
 - Use the services provided by the cooperative.
 - Be knowledgeable about the cooperative and what it is doing or trying to do (long-range plans) so he can participate effectively and have an influence on the future development of the cooperative.
 - Attend membership meetings of the cooperative and exercise his right to vote, the most important of which is to elect directors who are capable to direct the cooperative and its business effectively.

- The Board of Directors is a very important link between the members who elect them and the key management personnel they must hire and fire.
- The profits are distributed to the members not on the basis of stock ownership but on the basis of how much business (and profits) they provide the cooperative.
- Therefore, a cooperative is a very participative type of organization which is intended to be for the mutual benefit of the members who are also the users. Nearly every other type of private business enterprise operates for the sole benefit of profit for the owners be they sole proprietorships, partnerships or stockholders in a private or public corporation. Contrary to cooperatives, these owners are not expected to be users or patrons of the enterprise. So the factors motivating the organizational elements can be quite different.
- As a result, a very critical factor in the strength or weakness of a cooperative is the depth of the confidence and understanding between the member/owners, the Board of Directors and the management. These relationships are never developed automatically. They require constant nurturing by all parties and as in any close relationship, a willingness to compromise when appropriate is an essential ingredient. Therefore, good channels of communication between members, directors and management are essential. For a cooperative to be successful, in addition to being a soundly managed business, it must have:
 - Members that can give a high priority to doing things that will benefit all members as opposed to the personal gain of a few members or directors.

- Members that are willing and capable of participating in the development of their cooperative and don't walk away if things get tough.
 - A commitment from members to use the services provided by their cooperative.
 - A commitment from members to provide adequate capital for their cooperative to not only survive but for it to grow with the changing needs of the members.
2. What are the business needs of a cooperative?
- Actually cooperatives are subject to the same disciplines as any other business. It must have:
 - Products or services that are needed by the members, provided at competitive prices and on a profitable basis.
 - An adequate market which will assure the economic viability of the business and room for growth.
 - Adequate capital to provide the facilities, working capital, etc. for present activities as well as future growth.
 - A Board of Directors that is capable of providing long-term direction to the business, is responsive to the changing needs of its members and the business and establishes appropriate policies for the guidance of management.
 - Skilled management that is capable of effectively mobilizing the human and economic resources of the cooperative, of planning, organizing, coordinating and controlling the business in an efficient and profitable manner and providing the Board of Directors/^{and members}with guidance and assistance in fulfilling their responsibilities.

3. What are the skill needs among leaders of small cooperatives?

- As already aluded to, cooperatives have three different levels at which skills training is important to their success:
 - The members
 - The Board of Directors
 - The management.
- Perhaps more important, it should also be recognized that while there are many similarities there are also many differences in the training needs of each group. Additionally the style, method and content of teaching can also differ considerably between cooperatives depending upon the degree of sophistication and maturity of the organizations.
- However, for purposes of this presentation I will attempt to define the training needs of a relatively small, immature farmer cooperative and the scenario one is likely to find in the environment of an under-developed country.
- What kind of scenario can one expect to find in an under-developed country?

Members - The typical cooperative has a relatively small group of farmer members, perhaps 50 or possibly more. A large majority have small to average sized farms many of which are marginal or sub-marginal. In fact, a significant percentage may be part-time farmers i.e. they may have part-time or full-time employment off the farm because the farm is not large enough or productive enough to support the family unit. All are probably literate but relatively few have more than a high school education and this latter group is probably looked upon as the leaders. Very likely

they were motivated to organize the cooperative by some government beaucrats or some "do-gooders" who themselves didn't fully comprehend the necessary economic disciplines required to make a cooperative business successful. The motivators probably conducted a "training program" to generate enthusiasm and spell out minimum requirements for organization. The farmers were probably told of all the economic benefits they should expect from a cooperative and the farmers probably listened very carefully and could easily understand this aspect. However, the motivators either did not explain or the farmers chose not to listen or could not understand their obligations, especially their obligation to provide adequate capital and their obligation to patronize their cooperative on a continuing basis.

Status of the Organization - The cooperative was probably organized from the top down in a matter of a few weeks because that's probably all the time the motivators could afford to devote to one small cooperative. There was probably little economic analysis of how much capital or volume of business was needed to make the business viable either before organization or since. If it is a marketing cooperative there was probably no research done to determine if there was a profitable market for their products and what were the demands of the market in terms of a reliable supply, quality requirements, price, terms of payment, etc. Initially the members were required to invest a minimal amount of capital in the cooperative and they probably feel their obligations are completed. The motivating agencies probably provided the remainder of the money needed to get started, generally on soft terms and with little or no financial disciplines imposed on the cooperative, and they also feel their job is completed. At this stage the cooperative has survived to one degree or another for perhaps 1, 2, 3, or 5 years depending upon the dedication and

resourcefulness of the manager(s) but the cooperative probably has serious financial problems and the members are most likely unhappy and disinterested because the cooperative is unable to deliver the economic benefits they were told to expect.

Board of Directors - Most cooperatives have 7 or 9 directors, perhaps 2 or 3 alternate directors and frequently a vigilance (audit) committee that are elected by the members of the cooperative. The terms of office can vary from 2 to 4 years and they can usually be re-elected by the members for any number of terms. Usually they are farmers who are elected from the membership of the cooperative on the basis of popularity or because they are perceived to be the more successful farmers and perhaps because they are elderly and presumably have more wisdom. Unfortunately most of them have had little or no experience directing a larger business. Many are probably good to average farm managers in their own farm business but as a director have difficulty in delegating to the cooperative manager the responsibility to manage the business. Their tendency is to make management decisions which is what they are most comfortable doing. Also, and unfortunately, some members seek positions as directors primarily to obtain special business treatment from the cooperative for their own personal gain. The turnover rate is generally low except if the cooperative is not doing well. The better educated and most trainable directors are among the first to leave.

Management - In a small cooperative the manager is usually the weakest link. Most of the time he/she is selected by the directors primarily on the basis of how cheap can they get him. Frequently this means they get someone who is very popular in town, or a retired school teacher, or politician or beaurocrat, someone who appears to be well respected. Or, it could be the son or nephew, etc. of one

of the directors. Little emphasis is placed on the business skills or experience of the individual. However, at the same time, it should be recognized that in many remote areas it is difficult to find capable business managers especially at the low salary usually offered. Sometimes they are successful in attracting a successful local businessman but he only works part-time for the cooperative. It's obvious that his primary concern is his own business, and frequently there are other conflicts of interest which tend to initially get swept under the rug by the board of directors which is anxious to fulfill its responsibility to hire a manager. Similar characteristics can usually be applied to other key staff members of a small cooperative such as the accountant, salesman, warehouseman, etc. Unfortunately, it is also true that some people seek management positions in cooperatives strictly for their own personal gain. As a result of these factors, which are usually combined with the lack of adequate capital, the turnover rate of management people in immature and small cooperatives is generally very high.

- I have taken a lot of time to describe some of the principal and unique characteristics of a cooperative. And, I have painted a very dark picture in my scenario description of a small, immature cooperative in an underdeveloped environment. But this has been intentional because it is important to have a good understanding of the major negative factors to overcome as a basis for designing effective training strategies and programs.
- Obviously, not all small cooperatives fit exactly into the scenario I have described. However, chances are excellent that they all suffer from the weaknesses described in varying degrees.

- What are the specific training needs of members/directors/management of these small cooperatives?
 - For Members
 - An understanding of what a cooperative business is and what it is not with major emphasis on their obligations as members and owners and why they are important:
 - To provide adequate capital
 - To use the services of the cooperative
 - To keep informed and participate
 - To elect capable directors
 - For Boards of Directors
 - Basic responsibilities including:
 - A good understanding of cooperative principles and what a cooperative business is and is not.
 - Why and how to select a manager and how to monitor, appraise and reward or penalize his performance.
 - Why and how to differentiate between responsibilities of the board and management.
 - Why and how to establish policies and monitor their implementation .
 - Why and how communication skills are important with the manager, the members, the public.
 - Keeping informed and attending and participating in board meetings.
 - Serving on special committee especially if he has special skills related to the purpose of the committee.
 - Need for and methods of raising equity and debt capital in cooperatives.

- Basic training in how to interpret financial statements and understanding key factors that affect financial performance of a cooperative business.
 - An understanding of the need for short, long-range and project planning and the elements involved especially the inputs of the directors in planning exercises.
 - Needs and methods for informing and educating members and the public.
- For Managers
- A good understanding of cooperative principles and what a cooperative business is and is not.
 - All of the basic generic management skills related to planning, organizing, directing, coordinating and controlling but with very heavy emphasis on the "how to do it".
 - How to develop project feasibility studies.
 - Need for and methods of raising equity and debt capital in cooperatives.
 - Communications skills, both internal and external.
 - Supervisory and human relations skills, although this may not be a high priority need in very small cooperatives.
 - Why and how to maintain effective relations with directors and members.
 - Need for and methods of informing and educating the directors, members and the public.
4. What are appropriate methods of delivering training to cooperative members/directors/management?
- Members
 - Do not expect members to attend a seminar.

- The most effective method seems to involve the "trickle-down" method i.e. executed by the directors and management (or field staff if the cooperative has one). This is frequently accomplished as part of membership meetings such as the annual general assembly. Or at special meetings to discuss plans, projects, etc. Involving outside speakers to deliver specific messages at such meetings is also effective.
- Directors are an important element and can be most effective if they periodically conduct "kitchen meetings" with their constituencies, following board meetings, when new projects are being developed, in times of crisis, etc.
- Periodic distribution of a simple "newsletter" which is informative and educational. It doesn't need to be fancy. Typewritten and duplicated by mimeograph or Xerox is quite adequate.
- Whatever methods are used the emphasis should be to keep it simple and constantly repeat the messages because things quickly become unclear to the listener and memories are short especially when you expect someone to perform an obligation.
- Boards of Directors
 - Seminars of 2, 3 or 4 days are more practical with directors and are preferable for purposes of concentration, continuity and interaction. An alternative would be to have a series of 1 or 2 day seminars spaced a few weeks apart. Seminar structure should include individual participation in group sessions and time for interactions between themselves and with the teaching staff.

- Seminars should be scheduled for times when most directors are less active in their personal business in order to promote participation and concentration.
- Emphasize the "how to do it" with examples, illustrations, case studies, small work/discussion groups, etc. Avoid too much theory and technical language.
- The teaching staff should be able to relate to the participants at their level of knowledge and understanding and above all the staff should be knowledgeable about their subject matter.
- Provide participants with written reference materials.
- Provide participants with a list of individuals, agencies, organizations, etc. whom they can contact following the seminar for further clarification or information or guidance on specific problems.

Managers

- Seminars of up to one week or possibly two weeks might be practical and preferable. However, a series of 2 or 3 day seminars could be a viable alternative.
- Other suggestions are the same as described for directors.

Other suggestions on delivery techniques

- Many of the skill needs of directors and managers are in the same general areas. I have seen and participated in attempts to train both directors and managers in the same seminar. There are some positives in this strategy but I feel the negatives outweigh the positives. Even though the subject matter might be the same, frequently the directors may need only a general understanding of the subject whereas a manager may need more technical or in-depth training on the subject or vice versa. Trying to accomplish both objectives in the same seminar is not only difficult

for the teaching staff but more importantly tends to create confusion amongst the participants. Also, having directors and managers in the same seminar can sometimes stifle open and frank questions and discussions.

- I firmly believe that fees should be charged for training seminars. Generally the kind of people that are attracted to a cost-free seminar are those that are simply looking for a free vacation or a good time. The fees do not necessarily need to cover all costs and there should be some arrangements for limited scholarships or cost-free participation for carefully selected organizations that can demonstrate the need but cannot afford the cost. Charging fees also makes your training budget go further.
 - Don't overload the seminar! An ideal sized seminar group involves about 25 participants. Over 30 the teaching becomes progressively ineffective.
 - Because of the relatively high turnover rate amongst cooperative managers and directors, training needs to be continuing and repetitive if it is going to be institutionalized. Another reason for repetition is that usually when a concept or skill is introduced for the first time to a student, the student has difficulty in understanding it thoroughly or how to apply that knowledge to circumstances back home. Also, memories are short. Therefore, frequent exposure is often necessary, especially if the concept involves the need to change attitudes or long-standing practices.
5. What new/additional resources or institutions are necessary for the effective training of cooperatives in general?
- In most underdeveloped countries it is a matter of public policy to foster and support the development of cooperatives to promote the economic health of the masses and the country. As a result the Government provides varying degrees of support and usually has an agency responsible for the promotion and development of cooperatives.

- Also, there are usually some indigenous secondary level cooperatives, organizations that naturally have a strong interest in cooperative development and are therefore involved in cooperative training in varying degrees. These include regional or national cooperatives/credit unions or federations, regional or national cooperative unions or councils and cooperative banking institutions. And, there are probably others.
 - In addition, there are several international organizations providing support and assistance to cooperative development and training. These include USAID, Agricultural Cooperative Development International (ACDI), International Labor Organization (ILO), International Development Banks such as the Inter-American Development Bank and the Asian Development Bank, US Peace Corp., Canadian International Technical Assistance (CITA), United Nations (UN), as well as other international cooperative organizations. And, likewise, there are probably others.
 - Therefore, there seems to be a proliferation of organizations and agencies that are directing at least some of their resources toward cooperative development and training. Very likely each has limited resources it can devote to cooperative training and varying degrees of skill in designing and implementing effective training programs.
6. Cooperative Training Efforts could be more effective
- If someone were to ask me if the training received by cooperatives is effective, my general answer would have to be, no. Each of the organizations and agencies mentioned probably has its own purposes and selfish interests to serve and there is nothing wrong with that. Also, each organization has its own particular kind of expertise but there is also a lot of similar kinds of expertise in these organizations.

- So, what usually happens is that each organization does its own little thing, in its own little way, and at a time that fits into their plans and sometimes their availability of funds. From the standpoint of the cooperative, this approach frequently results in a feast or famine situation. At times they may be flooded with people or programs with a training or technical assistance motive, sometimes giving conflicting advice which may or may not be related to the real needs of the cooperative. This usually leads to confusion rather than help and certainly to much duplication and wasted resources. And, sadly there are likely other times when a cooperative or group of cooperatives really need and want some training or specific assistance and it is difficult to find because the training group is then busy on other matters or they've used up their training budget for the year.
- Therefore, I think more constructive and effective training of cooperative can be achieved if it could be approached on a more coordinated basis. For example, a cooperative training entity could be established to serve as the focal point for all cooperative training activities. Each organization which provides resources for cooperative training could provide its inputs into the development and design of all training programs. And, through this entity they could pool their human resources and their financial resources for the delivery of those training programs. At the same time, ample recognition could and should be given to the resources provided by each organization so that their special interests are also served. Such an entity would need some capable guidance in its structure and operations until its credibility is adequately established. It would seem to me that this kind of approach could result in several benefits:

- Developing cooperatives could benefit from more constructive and effective training.
- There could be less duplication and confusion on the part of the recipients.
- A continuing, step-ladder approach to training could evolve which could also be more sensitive to the special needs of cooperatives in various stages of development.
- It could serve as a clearing house for cooperatives that need help on specific problems.
- The organizations involved could still get the needed recognition as well as having their interests served while achieving more effective use of their resources (more bang for the buck).

7. Some concluding comments.

There are many of us providing inputs into cooperative training in the underdeveloped parts of the world either as program designers, implementers or providers of financial inputs or some combination of those activities. As such it behooves us to remain sensitive to their real needs and not just our perception of their needs. Unless we periodically remind ourselves of the those needs, which can vary from country to country, it is very easy for us coming from a different economic and political environment where cooperatives are generally far more mature, to shoot over their heads and therefore miss the target completely. I too have found myself doing exactly that. Relying on our counterparts to outline the real needs for us is also frequently faulty since many of them are not in close enough touch with the real situation and tend to dictate those needs based upon their perceptions.

From my experience I have found a great need to educate

people on the unique fabric that holds a cooperative organization together which includes the obligations of members and the things that are essential if it is going to be a successful business enterprise. This is especially needed by the cooperative members but also by the directors and hired staff or other leaders, and especially by the smaller and newer cooperatives. This weakness stems mostly from the fact that our counterparts who usually provide the primary guidance in cooperative development are either not thoroughly grounded in these basics and/or there is little follow-through. These basics bear constant repetition and in fact, even some mature cooperatives need to be reminded of them from time to time.

The broadly stated concept of a more coordinated approach to cooperative training and development described in this paper is probably pragmatic and simplistic. But, based upon the identified weaknesses in this field it is logical. Obviously, there are other ways of achieving the same or similar results. In presenting this concept it was purposely left without any flesh because if it can be followed in any given situation, either partly or wholly, it would necessarily have to be clothed within the particular economic, political and legal environment in which it is situated. Admittedly, such a concept could gain many supporters but could be difficult to implement because many people related things such as personalities, prejudices, egos, internal policies, etc., etc. could form obstructions. But, sometimes those can be overcome by insistence and persistence on the part of those providing the financial resources for cooperative training and development. Few will disagree that vast amounts of money are being invested in cooperative training throughout the underdeveloped world and a considerable quantity of it is being wasted through poor planning, design and presentation and through ineffective teaching staffs, subject matter not appropriately related to the

recipients as well as duplication.

Clearly there is a need for effective cooperative training and development in underdeveloped countries. Many of those countries have placed emphasis on developing cooperatives in recent years as a means to better distribute the wealth and for the country's economic, social and political development. As a result, many of those cooperatives are small, relatively new and/or underachieving. Effective training will not solve all the problems but it can be an integral component to their future success and development.

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