OCDC Cooperative Governance Manual: Board Development Stage Tool

**PURPOSE:** The Board Development Stage Tool contains 20 questions which, when answered, generates a score used to determine the board’s development stage. It is necessary to identify the board’s development stage in order to use the appropriate board questionnaire (from among the three development stages). It is best if this tool is completed by an individual who is familiar with the cooperative and can determine the cooperative’s development stage objectively.

**INSTRUCTIONS**
This tool should be completed by an individual *not elected to the cooperative nor a paid staff member nor a cooperative member* to ensure neutrality and minimum of bias with assessing the governance development stage of the cooperative. Ideally, the assessment leader completes this classification. This is the first part of a cooperative governance assessment process. This is not a tool to be completed by Directors.

**Part One (1 of 2)**

*Capture the following information about the Cooperative*

<table>
<thead>
<tr>
<th>Location,</th>
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</thead>
<tbody>
<tr>
<td>Number of branches,</td>
</tr>
<tr>
<td>Primary products and services,</td>
</tr>
<tr>
<td>Total members,</td>
</tr>
<tr>
<td>Years in operation</td>
</tr>
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For each question below, please check **only one box** that best describes the cooperative. More instructions are provided at the end of the set of questions.

**Question 1: The cooperative**...

- [ ] A. recently submitted registration materials but does not have formal registration at this time
- [ ] B. is already registered / incorporated
- [ ] C. regularly updates registration and maintains legal compliance.

**Question 2: The cooperative**...

- [ ] A. has no bylaws
- [ ] B. has bylaws, but seldom refers to them
- [ ] C. actively refers to its bylaws and updates them as needed

**Question 3: The membership of the cooperative is best described as:**

- [ ] A. a small group of closely associated individuals (e.g., family, tribe members, close friends).
- [ ] B. a larger group of individuals still closely associated.
- [ ] C. many members with greater geographical and cultural differences.

**Question 4: The needs (e.g. for a product or market, technical assistance, capital) of the members are best described as:**

- [ ] A. limited and very similar, may be focused on one product or one service
- [ ] B. providing a wider variety of products to the same members
- [ ] C. expanding the co-op by attracting new member groups

**Question 5: The most accurate way to describe communications with members is:**

- [ ] A. Primarily oral, personal, Director know members, informal meetings, annual meeting, initial market surveys
- [ ] B. Occasional member newsletters, less personal, members not as well known to board, occasional member surveys
- [ ] C. Based on media communications (print or web based), members not personally...
known to board, annual member surveys, other systems to gain member input

**Question 6: The composition of the board is most accurately represented as:**
- A. either appointed or elected, chosen from original founding members. If elected, voting at an organizing meeting.
- B. elected by members, may include founders and others with functional experience. May be nominated from the floor. No formal nominations process. Voting in person at annual meeting.
- C. primarily made up of functional experts, may include individuals with governance skills (strategic planning, policy development). Nomination process in place, overseen by Nominations Committee. Voting may be by mail ballot and at annual meeting.

**Question 7: The board structure is best described as:**
- A. acting as a committee of the whole
- B. functional committees established
- C. has traditional governance committees (e.g. Audit, Finance, Nominations)

**Question 8: The board’s role with operations is most correctly described as:**
- A. deeply involved in operations, doing the work
- B. work is delegated, board still maintains authority
- C. authority delegated to manager, board monitors operations and is accountable for the vision and mission of the cooperative

**Question 9: Board meetings are best described as:**
- A. informal, dealing primarily with operational decisions and organizational structure (incorporation, bylaws, banking relationships, relations with granting agency)
- B. more formal, agendas provided for all meetings, reports may be in writing
- C. scheduled with an annual calendar, agenda includes policies being monitored, major activities for each meeting (strategic planning, budget development/approval, member survey, audit)

**Question 10: The board process is most accurately described as:**
- A. Consensus decision making
- B. Decide by majority vote

**Question 11: The focus of management is most accurately described as:**
- A. No manager, per se, at this stage
- B. Operations management, basic systems development
- C. Operational authority, accountability, strategic planning

**Question 12: The cooperative’s employees are best described as:**
- A. Has no paid staff or very limited staff
- B. Has hired a manager who has hired a limited number of staff
- C. Staff organized into functional units

**Question 13: The cooperative’s accounting systems are best described as:**
- A. Financial records very basic, limited to cash flow (cash-basis accounting)
- B. Basic accounting systems in place
- C. Accounting systems in accord with generally accepted accounting principles (accrual-based accounting)

**Question 14: The board’s financial expertise is best described as:**
- A. Board has limited financial experience, not familiar with basic financial statements
- B. Board may have member/s with financial expertise or has received financial training
- C. Board has financial expertise or relies on competent financial advisor

**Question 15: The cooperative’s financial reporting is best described as:**
- A. Financial reporting limited to income statements, may be irregular (not on a monthly basis)
B. Regular financial reporting includes basic financial statements, performance expectations unwritten
C. Financial policies in place, performance expectations in writing, expectations formally monitored

**Question 16:** The cooperative's annual financial review is best described as:
A. May have annual financial review but no external financial audit
B. Financial audits annually, may have qualified opinions
C. Annual financial audits, unqualified opinions

**Question 17:** The board's planning is best described as:
A. Planning is short term (e.g., one season/six months)
B. Board and management plan together for longer term (eg 6 months – 3 years), may or may not have a written plan
C. Formal 3 – 5 year written business plan in place

**Question 18:** The cooperative's processes and systems (e.g. Accounting, Operations) are best described as:
A. Few systems in place
B. Process systems being developed
C. Process systems in place, governance systems and internal controls systems being developed

**Question 19:** Reporting to the Board is best described as:
A. Informal, based on process results
B. Informal management reports to board, primarily focused on financial results and internal processes
C. Formal written management reports on topics specified by board in policies

**Question 20:** The cooperative's policy development is most accurately represented as:
A. Few, if any, formal policies in place
B. Written management policies focus on operational systems
C. Written board policies being developed

**Part Two (2 of 2)**

After answering all of the questions above, count the number of boxes for each of the three categories (A,B,C) and enter below:

A. __ x 1 = __X__
B. __ x 2 = __Y__
C. __ x 3 = __Z__

Total score = ___Sum (X+Y+Z)___

Based on the total score above, calculated in Part 2 of the instructions, assign the cooperative into a development stage based on the following ranking:

<table>
<thead>
<tr>
<th>Development Stage 1: Creativity/Startup</th>
<th>Development Stage 2: Direction/Establishment</th>
<th>Development Stage 3: Delegation/Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-32</td>
<td>33-46</td>
<td>47-59</td>
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