

# The Expanding Scope of the Duties of Directors

*Association of Cooperative Educators*

Alexandria, Virginia

August 3, 2005

James R. Baarda



Coordinated by the Sector of rural communities.

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## Overview

- Authority
- Sources of change
- Duties
- Standards
- Role of educators



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## Authority

- Incorporation statutes
- Articles, bylaws
- Other
- Members' ultimate authority



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## Sources of Change

- **Business environment**
- **Public policy environment**
- **Attitudes toward business**
- **Attitudes toward cooperatives**



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## Sources of Change

- **Scope of business**
- **Complexity of business**
- **Laws and regulations**
- **Community expectations**



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## Sources of Change

- **Stakeholder claims**
- **Member expectations**
- **Member demands**
- **Asserting “rights”**



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## Terminology

**Duties = Responsibilities**  
**Duties = Standards**  
**Liability**



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## Seven Duties/Responsibilities



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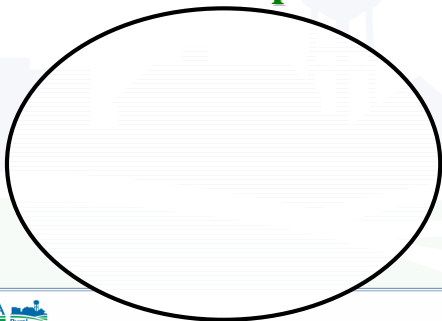
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## Seven Duties/Responsibilities



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## Seven Duties/Responsibilities

**Represent Members**



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## Seven Duties/Responsibilities

**Represent Members**

**Establish Policies**



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## Seven Duties/Responsibilities

**Represent Members**

**Establish Policies**

**Select Management**



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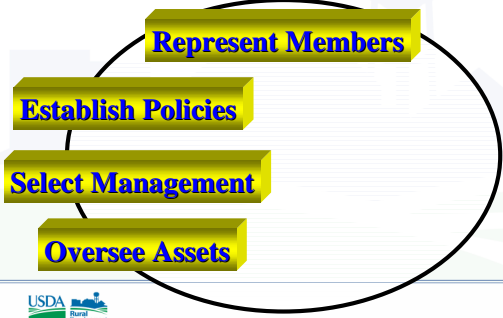
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## Seven Duties/Responsibilities



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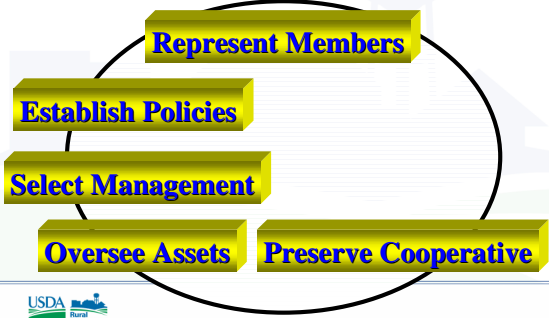
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## Seven Duties/Responsibilities



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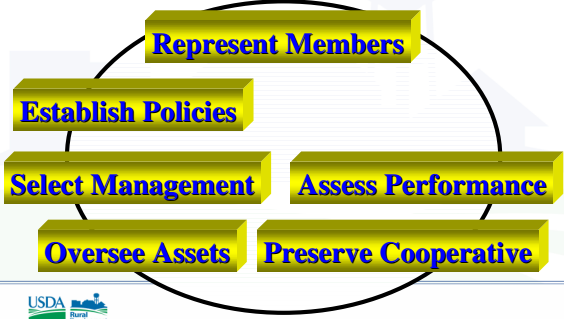
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## Seven Duties/Responsibilities



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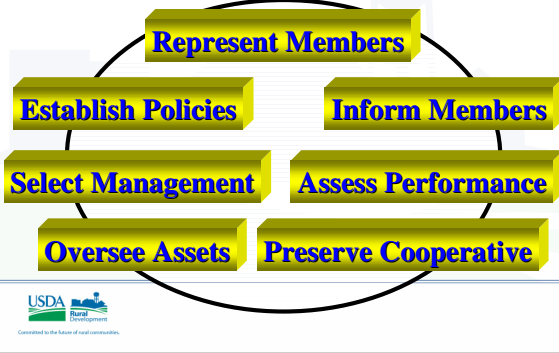
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# Seven Duties/Responsibilities



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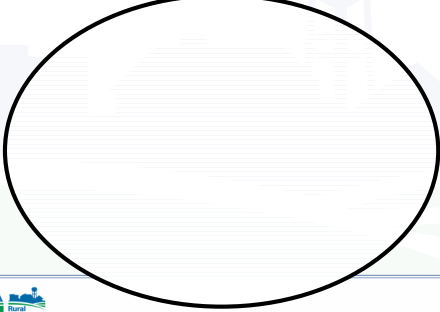
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## Represent Members



USDA Rural Development  
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## Represent Members



USDA Rural Development  
Cooperated by the Sector of rural communities.

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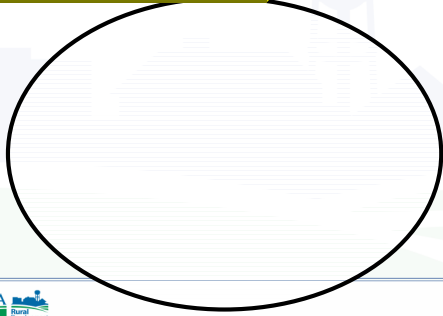
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**Establish Policies**



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**Establish Policies**

**Subjects – Business  
Subjects – Non-business  
Formalities  
Implementation  
Oversight**



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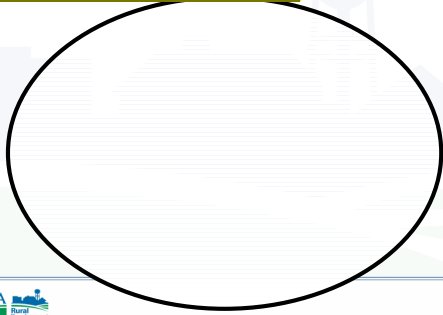
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**Select Management**



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## Select Management

**Bridging the gaps**  
**Oversight**  
**Duplication of effort**  
**Independent decisions**  
**Independent expertise**  
**Replacement**




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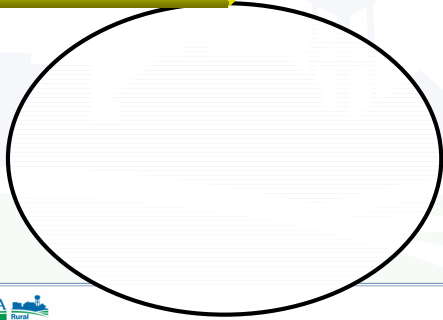
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## Oversee Assets




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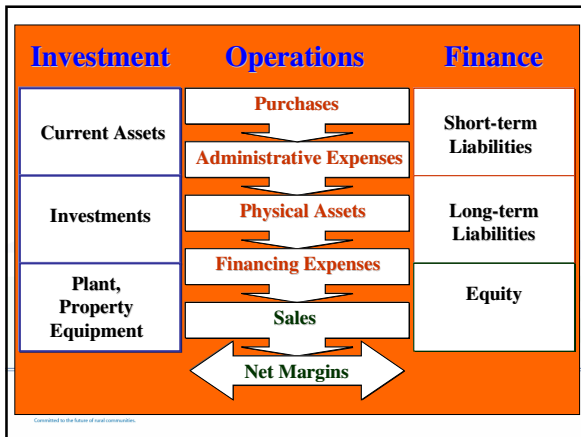
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## Oversee Assets

**Project analysis**  
**Accounting system**  
**Accountability**  
**Financial system**  
**Implications**



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## Preserve Cooperative



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## Preserve Cooperative

**Nothing is automatic**  
**What is a cooperative?**  
**Expectations and promises**  
**Principles and laws**  
**Those “little” decisions**  
**Education**



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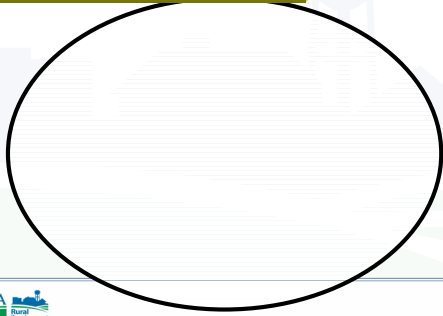
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## Assess Performance



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## Assess Performance

**Objective assessment**  
**Multiple objectives**  
**External effects**  
**Cooperative v. Members**  
**Member v. Member**  
**Horizons**



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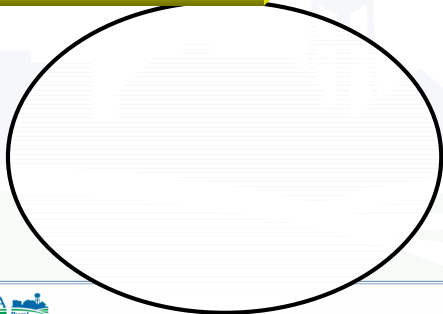
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## Inform Members



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## Inform Members

Objectivity  
Accuracy  
Completeness  
Accountability  
*The Big Picture*  
Education



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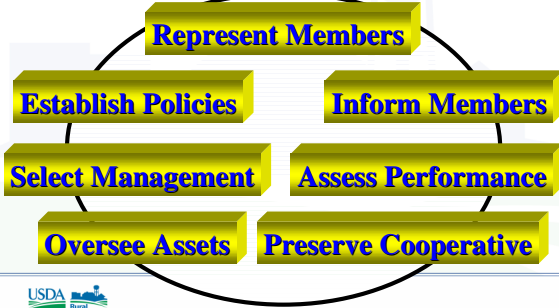
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## Seven Duties/Responsibilities



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## Duties/Standards of Conduct



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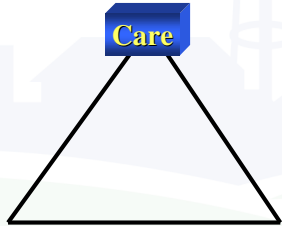
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## Duties/Standards of Conduct



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## Duties/Standards of Conduct



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## Duties/Standards of Conduct



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## Duties/Standards of Conduct



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Care



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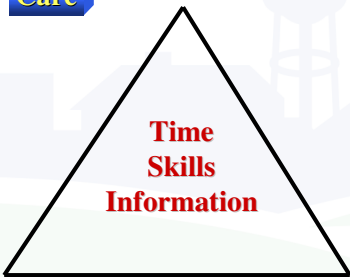
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Care



Coordinated by the Sector of real-estate.commerce.

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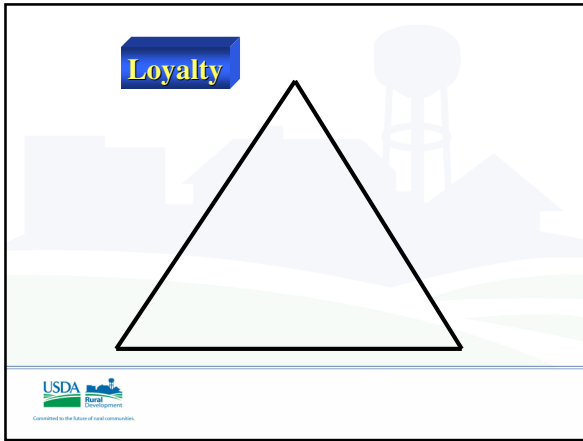
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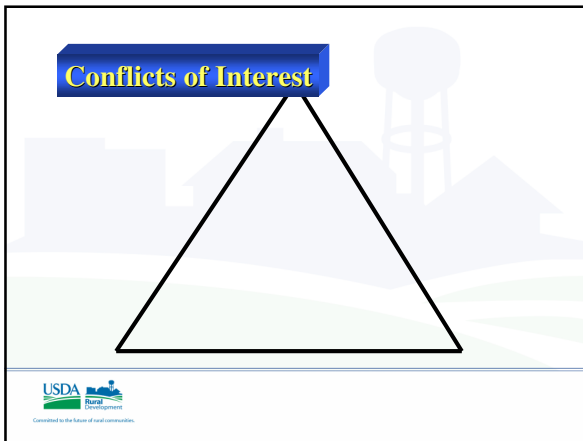
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**Conflicts of Interest**

**Recognition**  
**Disclosure**  
**The positive side**



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**Business Judgment Rule**



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**Business Judgment Rule**

**Shield**  
**Limitations**  
**Source of obligations**



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## Duties/Standards of Conduct



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## Roles of Cooperative Educators



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## Roles of Cooperative Educators

- **Fundamentals**



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## **Roles of Cooperative Educators**

- **Fundamentals**
- **The “good director”**



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## **Roles of Cooperative Educators**

- **Fundamentals**
- **The “good director”**
- **Inside out – Outside in**



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## **Roles of Cooperative Educators**

- **Fundamentals**
- **The “good director”**
- **Inside out – Outside in**
- **Issues and questions**



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## **Roles of Cooperative Educators**

- **Alternatives**



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## **Roles of Cooperative Educators**

- **Alternatives**
- **Collective experiences**



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## **Roles of Cooperative Educators**

- **Alternatives**
- **Collective experiences**
- **Information**



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## **Roles of Cooperative Educators**

- **Alternatives**
- **Collective experiences**
- **Information**
- **Encouragement**



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## **Roles of Cooperative Educators**

- **Educating the public**



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## **Roles of Cooperative Educators**

- **Educating the public**
- **Educating future directors**



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**Education is an essential  
part of the expanding  
scope of director duties**



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