

Client Logo Removed

July 27, 2006

**In attendance: Judy Hogan (Member Services)
Business Consultant (Member Services)
Client (CEO)
Client (HR Manager)**

Situation Update

- Since last meeting (September 2005) management has made several changes.
 - New agronomy division manager. This manager is requiring accountability and communications from his staff. He has scheduled a divisional planning session for later this summer.
 - Sheldon and Gary have established many policies and procedures and have worked extensively in the country to train employees on these policies.
 - Grain division manager (15 month employee) continues to use progressive management practices with his staff.
- Manager clearly recognizes that the process of cultural change is slow, and recognizes that small, significant changes have taken place.
- Manager believes that as a grain-based company, operations (as opposed to strategic planning) will always be the primary focus of location managers.
- Division heads/location managers are making progress toward managing with “information.”
- Performance management process is still not functioning as desired. Many managers are struggling with how to write meaningful goals with their employees.
- Manager suggested that future training activities be targeted toward employees who choose to participate. Those who refuse to attend will simply be “left behind” the remainder of the organization. The hope is that employees who participate in training will tell their peers how valuable the sessions are - enticing other employees to participate.
- **CEO and Human Resources (HR) Manager want to continue developing an organization culture where:**
 - All areas focus on organization performance
 - Company is pro-active in marketplace
 - Employees take responsibility for improving their own performance
 - Communication is open and supportive between employees and operating groups
 - Information and resources are readily shared between work groups
 - Employees are encouraged to grow their careers within the organization.

Broad Strategies for Achieving this Cultural Change

On-Going Strategies and Proposed Short-Term Actions

- CEO continues to coach direct reports to see themselves as strategic leaders and fully accept that:
 - Past actions and results are no longer good enough
 - Excellent performance is the new norm
 - Employee performance is the key to improving organizational performance

Actions:

- Managers Retreat
 - CEO communication and coaching
 - Sharing of Board directives
 - Benchmarking past performance by division
 - Business Development planning sessions
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- Continue divisional business/marketing planning process
- Actions:*
- Outline process and timetable with each division head
 - Identify employees to participate in each portion of process
 - Conduct planning and analysis sessions
 - Create overall plan
 - Hold divisional heads accountable for communicating plan with employee team, implementing strategies, making interim adjustments and obtaining results
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- Share priorities as outlined by CEO's direct reports with all employees. Include broad-based company information such as mission and visions as well as top strategic priorities.
- Actions:*
- CEO communication and coaching
 - Payroll newsletter
 - Employee meetings
 - Division heads meet with their direct reports to discuss and plan

Intermediate-Term Strategies and Proposed Actions (3 to 12 months)

- Continue implementation of performance review process

Actions:

- **Coaching For Improved Performance training for each supervisor.**
- CEO coaching of each direct report to reinforce importance of process and expectations that process will be completed in professional manner.
- HR manager supports divisional heads by reminding staff of when reviews are due, providing information on past-due reviews and being a resource for managers as they conduct reviews (HR manager needs to be seen as that resource and not the task master).

- Implement key training for broad employee group to signal organizational change, promote information sharing and build “one-team spirit.”

Actions:

- **Identify specific content to be covered based on discussion at Managers Meeting in August 2006.**
- Announce and explain purpose of training program to entire employee group through payroll newsletter.
- Coordinate training attendance through division heads (they are held responsible that every employee attends as well as coordinating who attends when) (HR manager in support role).
- Schedule multiple sessions so it is convenient for employees to attend.
- Track and report attendance.
- Give employees feedback from session (i.e. what was covered, employee comments, ideas from the session) through payroll newsletter, work site posters, etc.
- Hold divisional heads accountable for requiring employees to use new skills and knowledge.

- Identify specific performance goals for each CEO direct report (tied to business/marketing plan)

Actions:

- CEO meets with each direct report to create performance goals
- CEO and employee agree on process for tracking performance against goals
- CEO requires that employee provide regular updates on performance against goals and reasons for above or below goal performance
- Compensation reflects performance against goals

Long-Term Strategies and Proposed Actions (12 to 36 months)

- Educate CEO's direct reports in key areas where they have skill/knowledge gaps
Actions:
 - Assess each employee's education and experience related to strategic planning
 - Review each employee's participation in Business Development planning session
 - Meet with each employee to review above information and discuss needed training
 - Review needs of all CEO direct reports and determine if group training is desirable
 - Outline actions and timetables to provide training
- Document all training currently provided to employees
Actions:
 - Identify all formal training offered over the past two years (what was offered, who should have attended, and who did attend)
 - Identify formal and informal training currently being planned. Include technical, compliance, business and soft-skill training. Note who should attend, deadlines, etc.
 - Use Member Services program to create training profiles for each position in company
- Outline performance gaps for each key work group in the company
Actions:
 - Review performance to business unit goals
 - Observe performance to policies and procedures
 - Review individual performance review ratings and comments
 - Identify whether gaps are the result of skill/knowledge gaps, motivation problems or organization structure/design problems
- Create plan for overcoming performance gaps
Actions:
 - Identify and plan for training solutions
 - Review compensation and performance management system for needed improvements
 - Review and if possible enhance policies and procedures
- Create performance development plans for each employee
Actions:
 - Use position training profiles
 - Incorporate business unit priorities and each employee's specific development needs to create development plan
 - Include development plans in performance management system
- Hold CEO direct reports accountable for implementation of training plan and performance management system
Actions:
 - General Manager gets buy-in from each direct report throughout training plan creation
 - General Manager requires direct reports to regularly report progress on completing training activities
 - General Manager direct report's performance is evaluated based upon their ability to achieve divisional goals as well as their fulfillment of employee development plans
 - HR manager as resource

Proposed training to be offered by Member Services to Agri Co-op:

Winter 2006-2007

Coaching for Improved Performance for all supervisors. This is a 1.75 day session covering key aspects of a progressive performance management system. Session could be done on-site at Holdrege in the board room, or at a facility of cooperative's choosing. Cost of this session would be approximately \$4,000 for materials and facilitation plus travel expenses.

Navigating Change for any interested employees. This is a one-day session covering principles for leading one's self and others through the change transition process. Session could again be done in an appropriately-sized cooperative meeting room or other facility of the cooperative's choice. Cost of this session would be approximately \$2,500 for materials and facilitation plus travel expenses.

Summer 2007

Navigating Change for any interested employees. This would be a follow-up to the session offered during the winter of 2006-2007 offered in order to capture those unable to attend the first session. This is a one-day session covering principles for leading one's self and others through the change transition process. Session could again be done in an appropriately-sized cooperative meeting room or other facility of the cooperative's choice. Cost of this session would be approximately \$2,500 for materials and facilitation plus travel expenses.

On-Going Training

DiSC for Teams could be offered to all interested employees, and/or used to build communication and team work within specific work groups. Session is ½ day and covers individual interpersonal style and respectful communication practices. Session could be done in an appropriately-sized cooperative meeting room or other facility of the cooperative's choice. Cost of this session would be approximately \$2,000 for facilitation plus travel expenses and \$50 per participant for DiSC materials. Participants must complete an on-line self assessment prior to the session.

Two-Hour Mini-Workshops delivered by Allen Robinson on various topics. Sessions could be delivered at the cooperative in conjunction with staff meetings and/or product training sessions. Most sessions would be targeted to all interested employees. Cost of these sessions would be \$500 per session. Topics could include:

- How Employees Impact Profits
- Customer Service Basics
- Every Employee is a Seller
- Cooperatives 101
- Others as requested

In addition to the above training, Agri Co-op is encouraged to use the Management Essentials and Management Development programs to develop new, aspiring or experienced managers as appropriate. We recommend that you consider having the employees apply to you to attend the training. In addition to the classroom training offered through Member Services, those employees selected would be invited to meet with you (and other appropriate cooperative leadership) prior to attending the training, between training sessions, and at intervals throughout the following year. At these meetings employees would have a chance to discuss economic, market and operating issues with you and gain from your experience. Employees would also likely have greater opportunities to work on special projects, etc. Out of pocket costs for this program would be \$1,195 and \$2,500 respectively for tuition plus the cost of travel. If you would like assistance in structuring the program, Allen Robinson or Judy Hogan could assist you at the standard hourly consulting rate.