

*Research Series on Director Skills
Gap Analysis: Paper 4 of 4*

**A Tool to Evaluate Director's
Skill Levels and Gaps**

ACCC Fact Sheet Series – Paper #21

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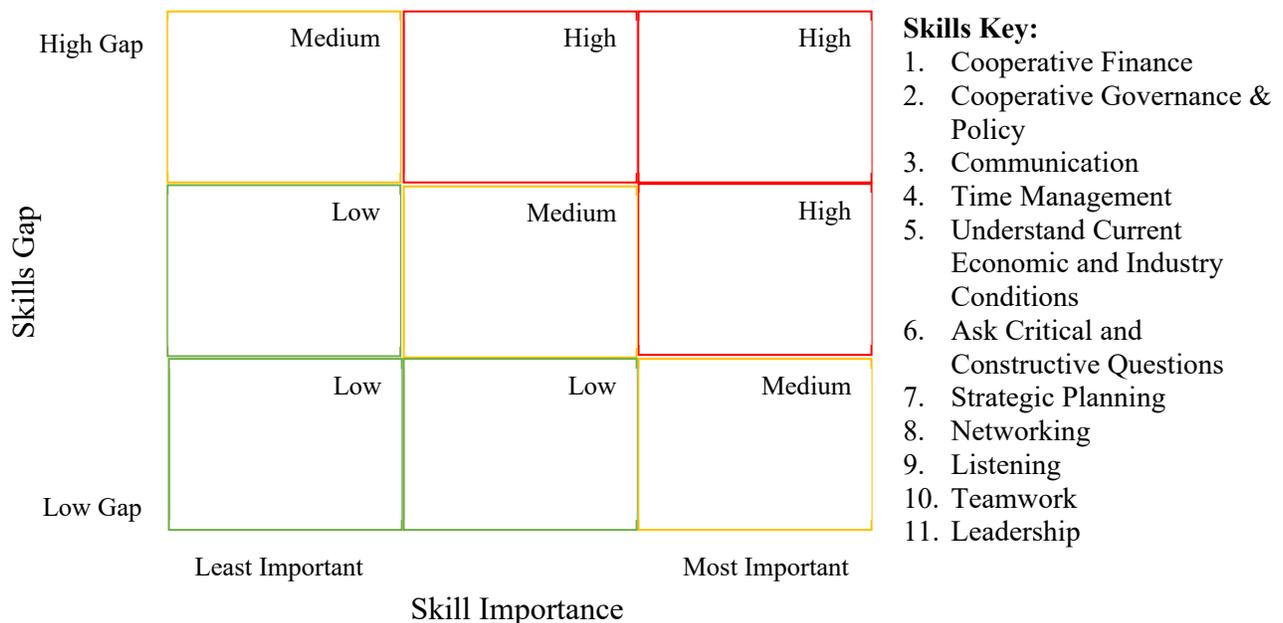
Throughout the fact sheet series on the director skills gap research, we have explored the skills that are necessary for a farmer cooperative director to be engaged and knowledgeable. The first fact sheet focused on identifying what skills are necessary to be an effective director. Research by Herchenbach (2022) identified the following 11 skills that are necessary to be engaged and knowledgeable: Cooperative Finance, Cooperative Governance & Policy, Communication, Time Management, Understand Current Economic and Industry Conditions, Ask Critical and Constructive Questions, Strategic Planning, Networking, Listening, Teamwork, and Leadership. The second fact sheet examined the skill gaps new directors and current directors have across the 11 skills identified in the research. The biggest gaps noted were in Cooperative Finance, Cooperative Governance & Policy, and Strategic Planning. In fact sheet 3, the most important skills were identified. Asking Critical and Constructive Questions was rated the most important, followed by Strategic Planning, and Understand Current Economic and Industry Conditions.

The objective of this final fact sheet in the series is to bring all of the research findings together into a tool to evaluate director’s skill levels and gaps. This is accomplished by combining the research results to create the Skills Priority Matrix. In this matrix, we used our research findings to plot the 11 skills in a matrix where the vertical axis represents the skill gap and the horizontal axis represents the importance this skill is to a director being engaged and knowledgeable. This matrix can also be used by cooperative boards of directors to do their own self-assessment.

The Skills Priority Matrix

The Skills Priority Matrix is an intuitive way to understand where a cooperative’s board of directors should focus their energy on skill training and development. Figure 1 shows the Skills Priority Matrix. Each of the 11 skills is plotted in the matrix relative to the director’s understanding of the skill or skill level, and plotted with how important that skill is to the director being engaged and knowledgeable.

Figure 1. Skills Priority Matrix Exercise



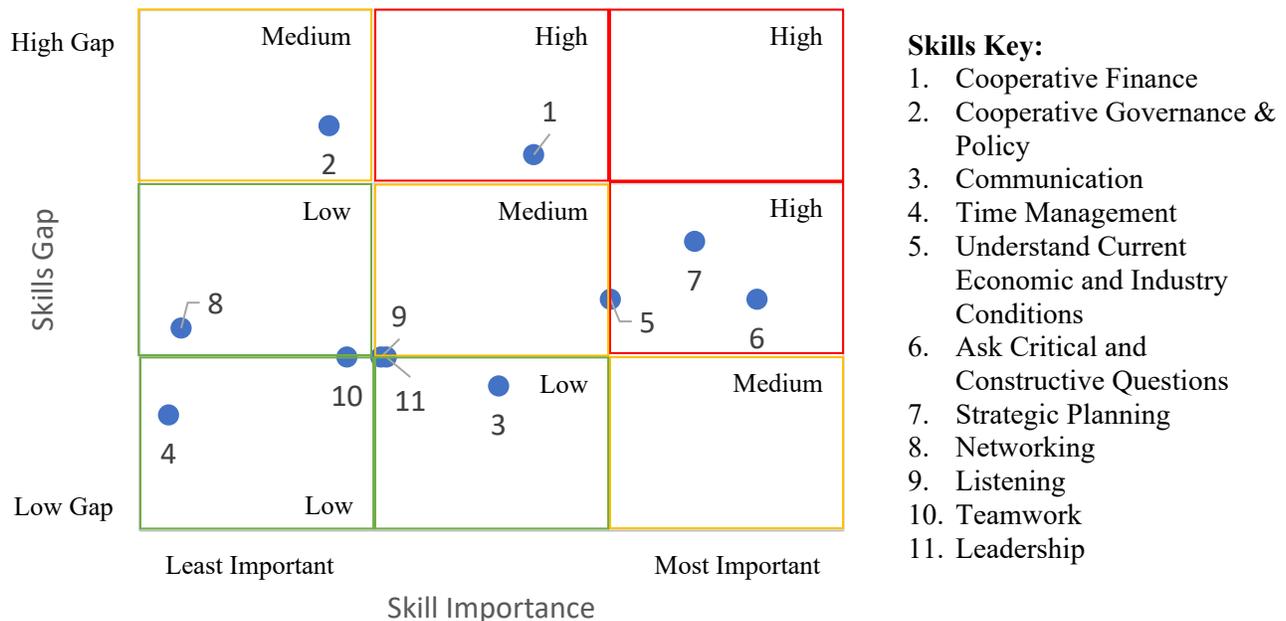
The matrix also provides guidance on what priority should be placed on skill development. If a skill falls in a box labeled “high,” then that means those skills should be prioritized for skill development because there is a relatively large skill gap or the skill is very important or both. Skills placed in a box labeled “medium” means they are medium priority. In other words, there is somewhat of a skill gap or they are somewhat important relative to the other 11 skills or both. One should not simply dismiss these “medium” priority skills because it is possible the skill is very important but with little skill gap (lower right-hand box). So, if a director was not maintaining or increasing their skill level, then that action would be to their detriment because that skill is a very important skill. Finally, skills falling in a box labeled “low” means they are low priority. These skills have a relatively small gap or are not viewed as important as the other skills or both. Developing these skills is not as high of a priority as the other skills.

Before discussing how to apply the Skills Priority Matrix to evaluating the board, let’s show the research results from previous fact sheets in the matrix. A skills gap survey was used to gather data on Midwest agricultural cooperatives. The survey results contained 150 responses from farmer cooperative directors and CEOs/GMs, which provide the necessary data to (1) estimate a skill gap and (2) rank the 11 skills from most important to least important. Note that estimating the skill gap and the importance ranking were discussed in more detail in fact sheets 2 and 3 in this series, respectively.

The first result is the skill gap, which is shown along the vertical axis in Figure 2. In the survey, directors were asked to rate their skill level, on a scale of 1 to 5, for each of the 11 skills based on their skill level when they were new to the board. Then, they rated their current skill level. CEOs/GMs rated the skill level of an average new director and the skill level of a current average director. The difference between current and new is identified as the skill gap. Looking at the matrix, on average, the largest skill gaps for new farmer cooperative directors are Cooperative Governance and Policy, followed by Cooperative Finance, and Strategic Planning.

The second result shown in the matrix is skill importance, which is on the horizontal axis. Survey respondents answered multiple questions asking them to select the most important and least important skill from a subset of the 11 skills. Looking at the matrix, on average, the most important skill for a farmer cooperative director is Ask Critical and Constructive Questions, followed by Strategic Planning, and Understand Current Economic and Industry Conditions.

Figure 2. Skills Priority Matrix Results



Interpreting the director skills priority matrix in the figure above provides target areas for director training programs. The matrix is divided into 9 grid boxes. The ‘High’ grid boxes include skills that had a relatively high skill gap and a relatively high skill importance score. The ‘Medium’ grid boxes include skills that had a high skill gap and low skill importance score, a low skill gap and high skill importance score, or a relatively medium skill gap and a relatively medium skill importance score. Finally, the ‘Low’ grid boxes include skills that had a relatively low skill gap and a relatively low skill importance score.

Directors and CEOs/GMs agree that Cooperative Finance, Understand Current Economic and Industry Conditions, Strategic Planning, and Ask Critical and Constructive Questions are the skills of highest priority.

Evaluating Your Board

Your cooperative’s board of directors can complete its own skill level assessment. A survey approach, as presented in this fact sheet series, can be adopted from the presented results above. That is, survey the board to assess skill level gaps and identify the most important skills for your board of directors. If your board would like our help in conducting this type of assessment, please contact Dr. Jody Herchenbach (herchenbachj2@unk.edu) or Dr. Brian Briggeman (bbrigg@ksu.edu).

If your board would prefer to handle the assessment internally, the directors can complete a straightforward, self-guided assessment in a few steps. The first step would be for a director to rate their own skill level for each of the 11 skills listed in Figure 3. The scale to use would be 1

to 7 with 1 being no skill and 7 being highly skilled. Figure 3 is provided to help a director complete their own self-assessment, rating their own skill levels from 1 to 7.

The next step is to identify the most important skills for a director to be engaged and knowledgeable. To do this, the director could rank the 11 skills from most important skill being #1 to the least important skill being #11 and report the ranking on Figure 3.

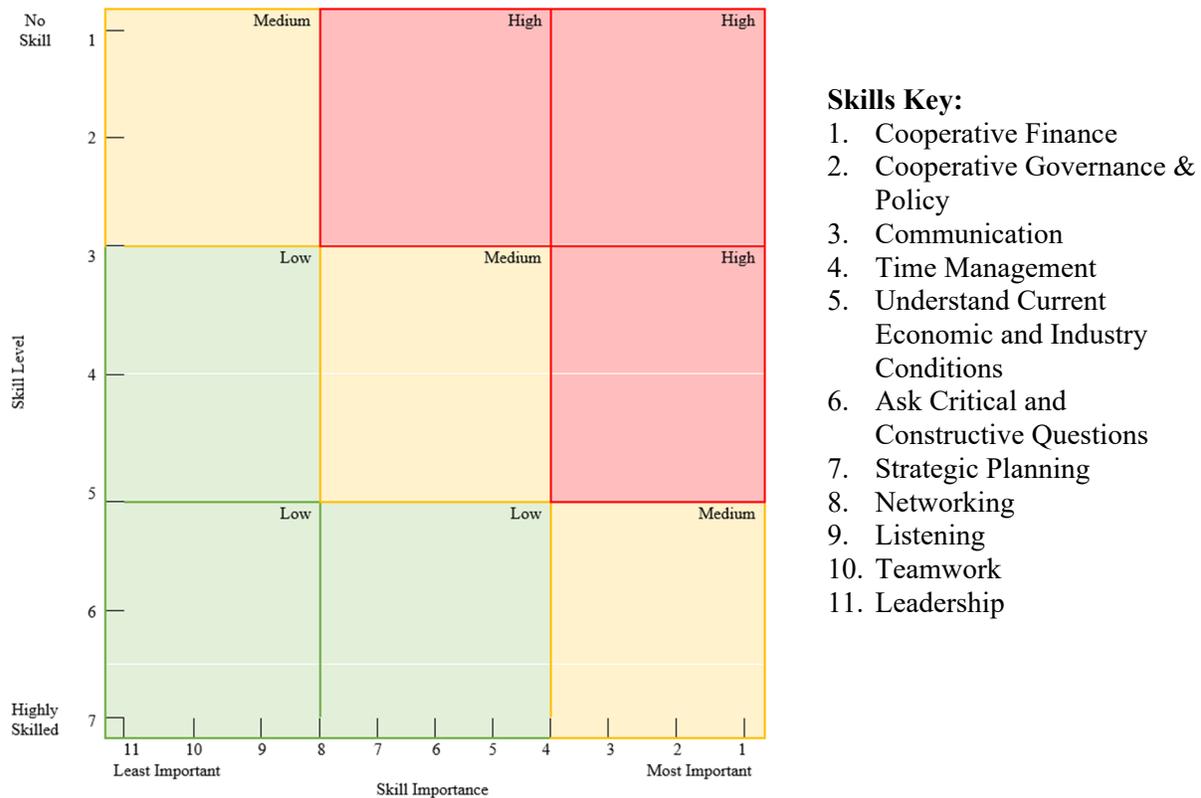
Figure 3. Self-assessment Report for Director Skill Level and Importance Ranking

Skill Level: 1 (no skill) to 7 (highly skilled)	Director Skills	Importance Ranking of Skill: #1 (most important) to #11 (least important)
	Cooperative Finance	
	Cooperative Governance & Policy	
	Communication	
	Time Management	
	Understand Current Economic and Industry Conditions	
	Ask Critical and Constructive Questions	
	Strategic Planning	
	Networking	
	Listening	
	Teamwork	
	Leadership	

Once you have your rankings and skill level assessment completed and recorded on Figure 3, you can use that information to plot those results into the Skills Priority Matrix (Figure 4). For example, let's assume that the director rated their Leadership skill as 4 and ranked Leadership importance as a #3. The Leadership skill would be plotted in the 'High Priority' box (matrix coordinates being 4 on the vertical axis and 3 on the horizontal axis). Another example would be

to assume the director rated their Communication skill as a 6 and ranked the importance level as #2. Communication would be plotted in the ‘Medium Priority’ box just below the previous ‘High Priority’ box (matrix coordinates being 6 on the vertical axis and 2 on the horizontal axis).

Figure 4. A Skills Priority Matrix for Board Self-Assessment



This research was aimed at improving the skill set of farmer cooperative directors by identifying skills gaps to be addressed. Using the matrix and surveying individual boards of directors or the cooperative community as a whole on a continuing basis will keep director skill gaps identified to meet an everchanging and complex cooperative landscape. Future training programs can be developed using this information either by cooperative boards determining their own training needs or cooperative educators/industry partners developing programming for the cooperative community. Raising the skill level of all directors will provide strength to the cooperative industry and Rural America.

References

Herchenbach, J. (2022). *Skills gap analysis of farmer-owned cooperative directors and its connection to the agricultural landscape* [Unpublished doctoral dissertation]. Kansas State University. Accessible here: <https://krex.k-state.edu/dspace/handle/2097/42379>