

Director Recruiting Toolkit

December 2017

These materials are available electronically on Cooperative.com on the Directors Conference page.

We are interested in hearing your feedback on this document. Did you find it useful? How could it be improved? Please send your comments to pat.mangan@nreca.coop



**National Rural Electric
Cooperative Association**

A Touchstone Energy® Cooperative 

Dear Board Chair or President:

Over the next decade, a new generation of co-op leaders will be in electric co-op boardrooms. They are likely to be younger and from more diverse backgrounds, reflecting the changing demographics of Rural America today. Will they be up to the task?

The challenges these new directors will face are more complex and numerous than ever before, and the best pathways won't always be clearly marked. It is therefore imperative that cooperatives revisit their policies and procedures for recruiting, vetting, and educating candidates for the board so that the co-op can attract the best leadership talent that its service territory has to offer. In your role as Board Chair or President, you have an important part to play in the successful recruitment and development of these new directors.

It is important to recognize that other organizations in the community are also competing for the best and brightest. They, too, want people who are highly qualified, engaged, and enthusiastic to serve on their boards.

This toolkit was created to assist co-ops with board succession planning, particularly in the area of screening potential candidates. It has three parts:

- A questionnaire to aid potential board candidates in evaluating their interest in and fitness for board service.
- A discussion guide to use in interviewing candidates for the board.
- A checklist for bringing newly-elected directors up to speed.

The intention is to assure consistent and fair treatment, and good understanding of the cooperative, its role in the community, its challenges, and the role of directors beginning even before getting on the board. The best leaders will want to know those things before committing to run and serve.

Indeed, having a thoughtful process in place may make it easier to recruit the best of the best. Prospective candidates need not commit initially to running and serving. Instead the process invites them to explore the idea first.

Feel free to download this toolkit as often as you wish and to adapt it to fit your local circumstances. And please, share what you learn so that other cooperatives may benefit from your experience.

Sincerely,



Tracey Steiner
Vice President, Education & Training, NRECA

Toolkit Overview

This toolkit contains:

- A Candidate Questionnaire for prospective board candidates to fill out that gives them an idea of what's involved in serving. It also gives the co-op a view of the experience, skills, opinions, and ideas a candidate will bring to the board.
- A Candidate Interview Discussion Guide that suggests some questions to use when interviewing prospective candidates. It expands on the questions in the Candidate Questionnaire. This Discussion Guide will be helpful for individual candidate interviews or orientation sessions held for candidates. No matter how your nominating or vacancy appointment processes are configured, this guide should prove helpful in gathering information about a candidate's qualifications and capabilities.
- A Candidate Evaluation that allows nominating committee members to summarize their findings about each candidate after the interview. Its use is optional depending upon your co-op's nominating process. The Evaluation may also prove useful if your board is considering multiple candidates to appoint to fill a vacancy.
- An Orientation Checklist for giving candidates or newly-elected directors the background information they'll need to know about your co-op.

Follow these steps:

1. Be sure to review these documents to make sure they conform to your bylaws and policies, particularly as to the director qualifications provisions of your bylaws.
2. Customize the documents to fit your needs. Where they say XYZ COOPERATIVE, insert your co-op's name instead. Are there some questions you need to add, edit, or delete?
3. On the Candidate Questionnaire, make sure that the information about time commitments and compensation is accurate.
4. If you use a nominating committee, make sure that its members are versed in the director qualification requirements and the nominating and election process. You may also wish to give the nominating committee an orientation session that includes some basic facts about the co-op, some of the challenges it faces, and the kind of skills and talent that a good director should have in light of those challenges.

Candidate Questionnaire

Welcome. We hope these questions will help you decide whether serving on XYZ COOPERATIVE'S board of directors is right for you.

CONTACT INFORMATION

Name

Address

City State Zip

Best phone number to use (please specify cell, home, work, etc)

Alternative phone number (please specify cell, home, work, etc)

Email address

Best days/ times to reach you

QUALIFICATIONS

- How long have you been a member of XYZ?
- Briefly summarize your work experience.
- What other boards or committees have you served on or leadership positions have you held in the past?
- What other boards or committees do you currently serve on?
- What education have you received?
- What knowledge, expertise, or special abilities would you bring to the board? (e.g., Business/Management, Finance, Accounting, Nonprofit Experience, Cooperative Experience, Outreach/Advocacy, Communications, Electric Utility Experience, others?)

Do you have any connections (i.e., family relationships, business agreements) to the cooperative that might possibly be seen as a conflict of interest? (Check your bylaw provisions for conflicts that disqualify someone from board service. Examples might include a close relative who is an employee of XYZ or on its board, working for one of the co-op's major suppliers, a financial interest in a competing utility, having received substantial compensation from the co-op in the past three years, sale of property involving the co-op, a lawsuit with the co-op, etc.).

Have you ever been convicted of or plead guilty to a felony? Yes No

Are you a member of the cooperative with no outstanding debts owed to the cooperative? Yes No

YOUR ABILITY TO SERVE

Serving on the XYZ board will require about ___ days per month. The board usually meets on INSERT DAYS AND TIMES OF BOARD MEETINGS. Board members take ___ or so trips per year to association meetings, usually a few days in length. In addition, new directors are encouraged to receive at least ___ days of training per year. The average director also spends ___ hours a month on “homework,” such as reviewing information, preparing for meetings, or talking with fellow co-op members. Directors are paid \$___ (DESCRIBE YOUR CO-OP’S DIRECTOR COMPENSATION, i.e. per diem, flat monthly fee, etc.) to compensate for time spent for meetings, training, and travel, plus reimbursement of expenses.

How comfortable are you with being able to make that commitment of time and energy?

- Very comfortable
- Somewhat comfortable
- I’d have to make some adjustments to do it.

YOUR OPINIONS ABOUT XYZ COOPERATIVE

- Is the co-op doing anything that really upsets you?
- What are some of the important issues that you believe **the co-op board** needs to be focused on in the next few years?
- What interests you most about serving on the board of directors?
- Are you familiar with the elements of the cooperative business model?
- If you answered “yes” to the question above, what do you like or dislike about the cooperative form of business?

COMMUNITY

- Thinking beyond XYZ COOPERATIVE and the utility business, what do you think are some of the biggest challenges our local area faces?
- How would you describe your personal involvement in the community?
- What sorts of projects or organizations have you been involved in?

- What about speaking up for the co-op in the community — is that
[] something you'd be comfortable doing,
[] probably would be OK doing, or
[] something you'd rather not do?
- Electric utilities are a heavily-regulated industry. What's your view about participating in the political process (such as contacting your Congressional representatives) on behalf of the cooperative, if needed?

Signature: _____ Date: _____

The signature above indicates that you (the candidate) attest to the fact that you are providing full and accurate information to the best of your ability and that you have received and read copies of the cooperative's articles of incorporation and bylaws and satisfy the qualifications for directors noted there.

Candidate Interview Discussion Guide – Interviewer Notes

PURPOSE:

This discussion guide will help you make interviews or orientation sessions with prospective board candidates more enjoyable and productive. Our goal is to find the best possible directors. Key factors to look for include:

- Their willingness and ability to serve
- The experience and expertise they'd bring to the board room
- Their knowledge and opinions about XYZ COOPERATIVE and the cooperative form of business
- Their ability to communicate effectively and work well with fellow directors, the CEO, and employees
- Their involvement in the community
- Their interest in and ability to advocate for the cooperative in the community and in the political process.

PREPARATION BEFORE THE INTERVIEW:

- Before the interview begins, be sure you are familiar with the details about how the nomination process will work and how the election will be conducted so that you can answer any questions the candidate may have.
- Determine whether you want to have your attorney present at the session and if so, what topics you want him/her to cover (such as bylaw requirements directors must meet to be eligible to serve and the fiduciary responsibility and potential liability that directors have).
- Determine whether or not you want to record the interview and whether you will permit candidates to make their own recordings.
- Spend a few minutes reviewing the Board Candidate Questionnaire that candidates are to fill out. You will begin the session by discussing their answers to those questions.
- What will happen after the nominating committee makes its recommendations?

DURING THE INTERVIEW:

- Be clear about deadlines, and offer the name of someone at the co-op the candidate can contact with any questions.
- Explain when and how people will get their ballots and vote.
- Explain what opportunities candidates will have to get an article in the newsletter or use the mailing list, and how to go about it.
- Tell them if there will be any events for candidates to meet members and what they should do.
- Discuss the expectation about how candidates can conduct their campaigns. For example, some co-ops have bylaws that disqualify a candidate who makes false statements. Others discourage candidates from making negative attacks on other candidates.
- When the session begins, stress that there are no right or wrong answers. Explain, however, that their answers may reveal that they are not qualified to serve based on XYZ's director qualifications. You may wish to provide a

copy of your bylaws to the candidates at the interview if they have not received it already.

- Conflicts of interest are a matter of degree. If you think it is serious enough to disqualify someone, flag it for further follow up.

Here are some suggested discussion questions to start the ball rolling as you review the answers people have given on the Candidate Questionnaire.

QUALIFICATIONS

- What would you say are the top three reasons you'd be well qualified to serve on the board?
- Is there anything in your background that people might raise questions about if they saw you are a candidate for the board?
- Have you ever gone to an event or meeting sponsored by the co-op? What did you think of it?

ABILITY TO SERVE

On the Candidate Questionnaire, there's a brief description of the time commitment involved in serving on the board. Some people find it pretty surprising when they first hear about it. What was your reaction?

Here is a list of the duties that directors of XYZ COOPERATIVE are required to fulfill. Let's review each one briefly, and please tell me if you have any questions or concerns about them:

- Hire, delegate, and appraise the CEO
- Govern through policies and plans
- Comply with director duties and standards of conduct
- Provide direction through a strategic planning process
- Authorize resources consistent with the strategic plan and the long-range financial plan
- Serve as a regulator (setting rates)
- Provide monitoring and oversight of the cooperative
- Demonstrate due diligence through board assessment
- Facilitate member dialogue regarding improving the quality of life in the community
- Recognize the impacts of regulatory and legislative issues on the cooperative
- Actively participate in state and national associations to drive public policy that supports electric cooperatives
- Engage co-op members to support local, state, and federal elected officials who support electric cooperatives

Now that you've had a more detailed look at what's involved, what's your feeling about your ability and willingness to serve on our board?

- When people first go on the board, they often find that there's a lot they need to learn about the utility business and the way cooperatives work, so that's why the co-op arranges for directors to get training through our state and

national associations. What are some subjects that you might be interested in learning more about to help you be a good director?

- Directors have a duty to represent the members, but the members don't always agree about everything, and likewise the directors don't always agree with each other. In your experience, what's the best way to handle it when there are differences that need to be discussed and decisions that need to be made?
- Are you comfortable using technology such as laptops, tablet computers, smart phones, email, and the Internet?

OPINIONS ABOUT THE CO-OP

- What kind of reputation does XYZ COOPERATIVE have?
- What comments have you heard or thoughts do you have about the reliability of electric service?
- The rates and fees?
- The quality of customer service?
- The cooperative's stewardship of the environment?
- The quality of the employees?
- The management and board?
- The cooperative way of doing business?
- What sort of background, experience, or ideas do you have that would help the co-op fulfill its mission of serving the members?

COMMUNITY

- Does XYZ COOPERATIVE have a good reputation for pitching in to help the communities it serves or is it just seen as being there to sell electricity?
- What avenues do you think XYZ COOPERATIVE might explore to make sure that it is seen as being a truly valuable asset to the communities it serves?
- What background, experience, community connections, or ideas would you bring to the board that would help the cooperative be a truly valuable asset to the communities it serves?

AS THE INTERVIEW ENDS:

- If at the end of the interview a petition candidate indicates an intention to proceed (and assuming these conform to your cooperative's practices):
 - Provide copies of nominating petition forms and advise the candidate regarding how many signatures will be needed.
 - Provide the candidate a self-certification form to sign to affirm their agreement and understanding of the qualifications and expectations for board service.
 - Obtain the candidate's written permission to conduct a criminal background check and/or credit check.
- Remind the candidate of particular details about the process or rules that are likely to cause confusion. For example, the fact that a husband and wife with a joint membership will count as only one membership signature (assuming this is your co-op's rule) may need emphasizing. You could then also suggest

that they get some extra signatures to ensure they will satisfy the number required.

- Be prepared to review key items discussed with candidates at the conclusion of the session, such as upcoming dates and deadlines. Having these key points outlined in a written handout may be helpful.
- Be sure to thank the candidates sincerely for their time and interest in serving XYZ COOPERATIVE.

CONCLUSION

If these sessions have been conducted by a nominating committee, committee members should fill out the Candidate Evaluations after the prospective candidates are no longer in the room or, if completed during the interview, then committee members should be positioned so that the candidates cannot see the ratings that are given. Each committee member should make his or her own individual evaluations without consulting other committee members.

Board Candidate Evaluation

Purpose: This form is optional. It may be used by a nominating committee or by people representing the co-op at candidate interviews or orientation sessions.

Board candidate name _____

Date interviewed _____

Rates each candidate on each of the subjects listed below.

Subjects:	Excellent	Good	Fair	Poor
Background and experience				
Time, energy, and ability to serve				
Knowledge of co-op				
Loyalty and commitment to co-op				
Commitment to serving the community				
Interest and willingness to learn more				
Self confidence				
Ability to communicate effectively				
Ability to work well with other directors				
Integrity /trustworthiness				
Understanding of fiduciary responsibility				

1. What strengths would this candidate bring to the board?
2. Does this candidate appear to have a particular issue or agenda that motivates his/her interest in being on the board?
3. Does this candidate have a potential conflict of interest or other disqualification?
 No
 Yes Explain: _____
4. What, if any, weaknesses or red flags are there?
5. Are there any questions or concerns that require follow up by co-op staff?

Recommendation:

- Strongly recommend
 Recommend
 Do not recommend

Submitted by _____ Date _____

New Director Orientation Blueprint

The cooperative business model			
<i>What</i>	<i>Who will discuss this with the new director</i>	<i>When</i>	<i>Notes/Questions</i>
The 7 cooperative principles			
The Cooperative Business Model			
Who Does our co-op cooperate with?			
About Our cooperative			
<i>What</i>	<i>Who</i>	<i>When</i>	<i>Notes/Questions</i>
Your Co-op: number of members, areas served, miles of line, number of employees, services provided, load make-up, etc.			
Recent history (storm outages, new construction, recent major accomplishments, etc.)			
Electric Industry overview – state and region			
Major challenges and risks the cooperative faces			
The co-op’s designated spokesperson			
The co-op’s purpose, mission, vision and values			

Financial Overview and Strategic Plan			
<i>What</i>	<i>Who</i>	<i>When</i>	<i>Notes/Questions</i>
The co-op's strategic plans and activities underway in the next year or two to meet strategic goals.			
Budget and financial overview			
Power supply and rates			
Review of recent member surveys, satisfaction data			
Organization structure			
Employee Compensation structure/philosophy			
Tour of headquarters / meet key staff			

Notes

Board functions:			
<i>What</i>	<i>Who</i>	<i>When</i>	<i>Notes/Questions</i>
When the board meets			
Basic parliamentary procedure overview			
Board structure and committees (if any)			
The Board Book (in advance of each meeting)			
Legal Overview			
Role of the co-op's attorney			
Director fiduciary duties			
Business Judgement Rule			
Director Rights			
Directors and Officers Insurance			
Governing Policies			
Director roles and responsibilities			

Code/Standards of conduct			
Conflict of Interest			
Confidentiality			
Social media policy and Board Philosophy regarding social media			

Director Compensation

<i>What</i>	<i>Who</i>	<i>When</i>	<i>Notes/Questions</i>
Per diem			
Expense reimbursement			
Travel/Expense policy			
IRS Form 990			

Training Options

<i>What</i>	<i>Who</i>	<i>When</i>	<i>Notes/Questions</i>
Board's training philosophy/expectations			
Statewide training			
NRECA training			

CCD / BLC/Director Gold			
New Director Orientation (sponsored by NRECA, CFC and NRTC)			
Upcoming training opportunities			

Notes

Board's Use of Technology			
<i>What</i>	<i>Who</i>	<i>When</i>	<i>Notes/Questions</i>
Ipad			
Co-op's website			
Email			
Who to contact for technical assistance			

Reading Material for the New Director

These materials can be provided to the director -

- in advance
- as discussed during orientation
- electronically
- in hard copy

- The Cooperative's Bylaws & Articles of Incorporation
- Directors manual / governing policies
- Newsletters
- Annual report and most recent audit report
- Strategic plan
- Current budget
- Recent press clippings
- Brochures
- Calendar of meetings & events
- Recent board minutes
- Board roster
- Touchstone Energy Cooperative Difference Report (for Touchstone Energy Cooperatives only)