

**Implementing the Strategic Planning Process--
A Study of PNW Agricultural Cooperatives***

by

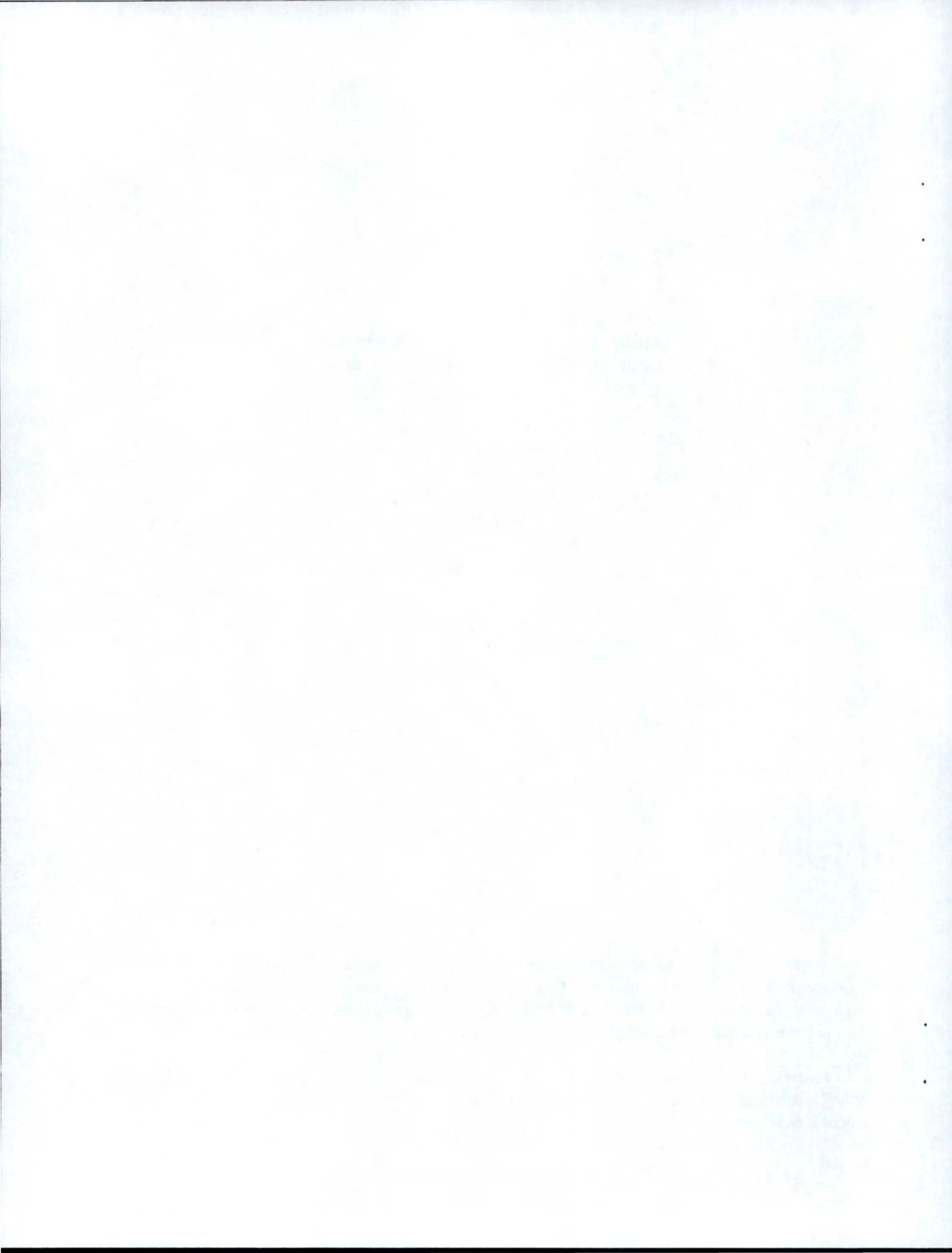
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The Origins of Strategic Planning

Corporate America is continually planning. Businesses plan new strategies to capture market share, they analyze the importance of planning for a budget increase or perhaps they work towards increasing their research function. No matter how you look at it, planning is an important element for management to employ. In effect, planning provides the ways and means to prepare for change.

For the world of business, there may seem to be no road map, no specified technique that management can employ to properly prepare for change. Or is there? In the past, management employed wartime methods of strategic and tactical planning as the basis for business plans. Strategy may mean "a plan of action or policy in business" (Thompson) whereas tactics are "the plans and means adopted in carrying out a scheme or achieving some end" (Thompson). Both strategy and tactics have been the forces to drive management to seek new direction for their companies, and subsequently, adopt and manage change.

Although companies may employ strategic and tactical methods as a way to define a direction for their business, it is important to recognize where the phrase strategic planning came from. Has management and corporate America always employed strategic planning methods? Apparently, strategic planning has been a vital ingredient of corporate decision-making for some time. The concept of strategic planning first found application in the private sector in the late 1950s and early 1960s. As Scott observed in a 1965 publication of the American Management Association: "Strategic planning is a systematic approach by a given organization to make decisions about issues which are of a fundamental and crucial importance to its continuous long-term health and vitality. These issues provide an underlying and unifying basis for all the other plans to be developed within the organization over a determinant period of time. Thus a long-

range strategy is designed to provide information about an organization's basic direction and purpose, information which will guide its operational activities" (Steiss).

One of the first managers to employ strategic management techniques was Robert S. McNamara, who in 1961 became the Secretary of Defense under then President Kennedy. Upon entering this position, McNamara became known for his methods of incorporating multi-year plans for the government. These methods were ones that helped McNamara gain a certain perspective on key strategic decisions -- decisions that he had previously made as president of the Ford Motor Company. This new concept of strategic planning soon became widely discussed in the media, and made managers of large organizations all over the country wonder if they too, should attempt such planning efforts (Steiss).

In addition to high-profile government figures employing the methodologies of strategic planning, there was another good reason this technique became popular with management. It was during this period of time that the United States was experiencing economic growth and prosperity. This growth fueled the number of options and opportunities managers faced. For example, some companies chose to diversify and grow through acquiring other businesses, while others delved into the world of international trade. Although these opportunities were perhaps different for each company, managers still faced the same difficulties: with so many different choices for economic opportunity came an increase in the complexity of their managerial duties. "New methods and technologies clearly were needed to help top management cope with an increasing array of strategic decisions. Formal long-range planning seemed almost like a godsend to these top managers." (Steiss).

Defining Strategic Planning

A corporate/business plan may define a company's philosophy, values, mission, budget and other operational functions. However, does strategic planning employ such functions? Robert Heath, author of *Strategic Issues Management* seems to think so, as he believes "the means to achieve this (business) plan is through strategic planning" (Heath). Yet, there still seems to be a cloud of confusion as to what strategic planning really means. Some organizations might suggest the two phrases strategic planning and strategic management can be used interchangeable, while others might argue against that point. Some of this confusion may come from the enormous number of definitions for strategic planning. For example, in the book *Corporate Strategic Planning*, author Noel Capon discovered 10 different definitions of strategic planning. Saunders and Tuggle describe strategic planning as "organization-wide planning which covers all major functions, which is inclusive of goals as well as means, and which is long-range in nature, but effectively integrated into the management system utilized by senior management" (Capon). Hofer offers another, more specific definition, rather than the all-encompassing view Saunders and Tuggle give. He suggests that "strategic planning is concerned with the development of a viable match between an organization's capabilities and the risks present in its environment" (Capon).

Yet a more recent definition of strategic planning is given by Kotler and Armstrong: "Strategic planning is the process of developing and maintaining a strategic fit between the organization's goals and capabilities and its changing marketing opportunities. It relies on developing a clear company mission, supporting objectives, a sound business portfolio and coordinated functional strategies."

The next step to understanding what strategic planning means, is to find meaning in the two words that make up the phrase. The term strategy is defined as a "plan for action or policy in business." Strategy can also be defined as the "formulation of basic organizational missions, purposes and objectives; policies and program strategies to achieve them; and the methods needed to assure that strategies are implemented to achieve organizational ends" (Steiner). Planning can be defined as the methodology of trying to assess the future and make the provisions necessary for it to occur. It becomes easy to see how so many definitions for all these different words can increase the confusion of the true meaning of strategic planning.

An all encompassing definition for strategic planning probably lies between the meaning of strategy and planning. Steiner and Miner contend that strategic planning: "...covers the entire process of determining major outside interests focused on the organization; expectations of dominant inside interests; information about past, current and projected performance; and, evaluations of company strengths and weaknesses. With these data in hand, managers are in a position to determine company missions, basic purposes, objectives, policies and program strategies" (Steiner and Miner).

In this definition, Steiner and Miner emphasize an important fact: that strategic planning employs a significant amount of information. This data includes market research information, data about economic forecasts, as well as information about past, present and projected performances. These forecasts supply vital information that can be used to reexamine the premises on which the plan is based. They offer a vision of the future, including favorable and unfavorable conditions, especially in terms of market share, financial resources, demand for products and service and public policy constraints and opportunities (Heath).

The Planning Framework

It is an awareness of social surroundings, strategy theories and the fundamental concepts of strategic planning that should lead management to implement strategic planning. Yet, it is important to recognize that strategic planning does not attempt to make future decisions.

"Rather, planning involves choosing the more desirable future alternatives open to a company so that better current decisions can be made" (Steiner). Therefore, management must make an initial decision to develop a planning framework. It is here where strategic decisions can be subjected to continuous testing, correction and refinement. Through such an approach, alternative courses of action can be identified and analyzed and a desirable range can be established within which choices can and should be made" (Steiss).

Important decisions affecting the company are made in the strategic planning process. Strategic planning is generally a long range process, but it can also incorporate relatively quick decisions made today or tomorrow. It is a good idea to develop a written document once a year, recognizing that planning is a continuous process. "Top management cannot develop a strategic plan once a year and forget strategy in the meantime" (Steiner).

A planning framework helps to outline where to start when developing a strategic plan. Figure 1 provides a skeleton framework that management can follow when implementing strategic planning. This framework covers the entire process of recognizing those major outside interests the organization might have, as well as identifying what expectations inside interests have. Information must be gathered about the company's past, present and future performance. Evaluations are then conducted on the organization's strengths and weaknesses. With these data in hand, managers are in a position to determine company missions, basic purposes, objectives and program strategies (Steiner).

Looking specifically at strategic planning in agricultural cooperatives, Wadsworth states that strategic planning assists decision-making through a systematic identification and examination of issues, problems, opportunities and alternative courses of action. Such organized decision-making creates a strategic "thinking" atmosphere that increases the probability of reaching sound decisions and a better cooperative position (Wadsworth).

He continues further by saying that those agricultural cooperatives who effectively incorporate the techniques of strategic planning in their day-to-day activities will effectively manage the stresses of future change. Eventually, this will place them with a business advantage, whereby being able to execute strategic planning more effectively than their competitors, they will be more likely to gain competitive advantage (Wadsworth).

Previous Work

Peterson studied strategic planning in Michigan agribusinesses. His analysis revealed that the firms he studied exhibited four "planning factors": 1) a short-range planning factor -- which focused on an annual budget and an annual sales plan, 2) a goals and standards factor that concentrated on developing a mission statement and specific business objectives, 3) a long-range plan factor that had 3-5 year general plans and 3-5 year financial plans and, 4) a strategic analysis factor that reviewed the firms internal strengths and weaknesses as well as opportunities and threats to the firm. Further analysis revealed that there were four types of firms based on the extent of planning done by the firm: 1) high planning firms -- which used extensive, formal planning, 2) Moderate-planning firms with a long-run focus -- which had a mix of formal and informal planning activities with a tendency to focus on long-run activities, 3) Moderate-planning firms with a short-run focus -- which had a mix of formal and informal activities and

had a tendency to focus on short-run activities and, 4) Low-planning firms -- which made use of relatively few planning activities, and when planning was done it was done informally.

Objectives

The objectives of this research were to: 1) Survey managers and board members of Pacific Northwest (PNW) agricultural cooperatives regarding their attitudes about change, setting goals and objectives and strategic planning, 2) Determine what type of strategic planning is currently being done by PNW agricultural cooperatives, and 3) Analyze the data in an attempt to uncover defining characteristics of firms that employ strategic planning techniques.

Research Design and Data

The data source for this study was a survey of managers and board members of PNW agricultural cooperatives who attended the Cooperative Leadership Seminar held in Spokane, Washington during January of 1996. This seminar is a developmental and educational program for cooperative directors and managers. 130 people attended the seminar and were given the opportunity to participate in the survey (a copy of the survey instrument may be found in Appendix A). A total of 51 completed surveys were received for a response rate of 39.2 percent. The majority (67 percent) of respondents were directors (Table 1). A good mix of agricultural cooperatives were represented in the survey: 28 percent were grain marketing co-ops, 16 percent were fruit marketing co-ops, food processing and farm fuel and product supply each composed 12 percent of the sample, fishing cooperatives made up 10 percent of the respondents and ag banking cooperatives comprised 2 percent (Table 1). Other demographic characteristics of the sample are also reported in Table 1.

Several questions in the survey focused on the make-up of PNW agricultural cooperative board of directors (Table 2). The majority of co-ops had between 5 and eight directors, and most of these directors (79 percent of the respondents) are elected directly by the members. 63 percent of those surveyed said that their boards met once/month, with the majority reporting an average board meeting of 2-4 hours. 10 percent of the respondents indicated that their board had at least one outside board member (ie. not a member of the cooperative).

Results

Attitudes Towards Change

Change is something that everyone has to deal with on a day-to-day basis. One of the objectives of this study was to elicit responses from co-op board members and managers regarding their thoughts on change. The largest percentage (82%) of respondents defined change as "new and different technology" (Table 3). This was followed by "new and different management policies" selected by 59 percent of those surveyed.

Respondents were also questioned regarding the amount of change their cooperative had experienced in the past year as well as the past five years (Table 4). Using a weighted average response (where the following Likert scale was used: 1=none, 2=slight, 3=moderate, 4=a lot), those surveyed indicated that the addition of new technology provided the largest amount of both current and recent change -- at 2.53 for the past year and 2.57 for the past five years. This was followed by an increase in market share as the second largest source of change for both the past year (2.38) and the last five years (2.54).

Board members and managers provided responses regarding their anticipation of future change (Table 5). The largest percentage of respondents felt that there would be only "slight

change" over the next year (63%). However, as might be expected, the longer range outlook was for an increased amount of change -- with an equal percent (43%) feeling that there would be either a "moderate" or "a lot" of change over the next five years.

Goals, Objectives and Mission Statements

Responses were elicited regarding the importance of cooperative goals and objectives. It is refreshing to note that the largest weighted response (on a Likert scale of 1=not important, 2=slightly important, 3=moderately important and 4=very important) was obtained to the statement "operate in an ethical manner," which had a weighted response of 3.88 -- indicating a very important goal (Table 6). This was followed closely by "operate profitably," which had a weighted response of 3.86 on the same scale. Regarding the cooperative's goals and objectives, which included other goals as well, fifty-one percent of those responding indicated that their co-op had met its goals (Table 7). No respondents felt their firm had exceeded its goals.

Cooperative board members and managers were presented with a list of factors which might have caused their firm to choose the goals it did (Table 8). Competition ranked the highest among respondents (61%) as being the factor behind why the co-op chose the goals it did. This was followed by managerial performance (55%) and the economic environment (51%). Political and regulatory action was given as a motivation for co-op goals by the smallest percentage of respondents (16%).

The board of directors were named as the person/group responsible for setting co-op goals and objectives by the largest number of respondents (Table 9). Not suprisingly, none of the respondents indicated that the cooperative members had any responsibility for setting goals and objectives.

Respondents also provided information about who they felt had the most influence in setting co-op goals and objectives, as well as how much input members have in the decision-making process (Table 10). Seventy-three and seventy-five percent of the respondents indicated that the board of directors and the manager, respectively had "very much" influence in setting the firm's goals and objectives. The majority of respondents (41%) stated that they felt co-op members had only slight input into the setting goals and objectives (Table 10).

Tables 11 and 12 list respondent's impression of their co-op's strengths and weaknesses. The strength with the largest weighted response, 2.78 (on a Likert scale of: 1=low, 2=average and 3=high), was that their "Co-op is an established, long-term business." The weakness with the largest weighted response (at 1.76 -- much lower on the scale) was "reactive planning techniques." Thus, though a large percentage of the cooperatives indicate they participate in strategic planning (see below) -- many still view themselves as being reactive rather than proactive.

Goals and objectives often lead a firm to develop a mission statement. Table 13 describes PNW ag co-op mission statements. Seventy-eight percent of the respondents indicated that their co-op has a mission statement. Regarding the focus of these mission statements, board members and managers had strongest agreement that their mission statement "establishes a general tone or organizational climate," with a weighted response of 3.94 (on a Likert scale of: 1=strongly disagree, 2=disagree, 3=neutral, 4=agree and 5=strongly agree). The respondents indicated a strong agreement with all of the descriptions of mission statements they were presented with in the survey (Table 13)

Strategic Planning

As discussed in the introduction to this study, there are numerous ways to define strategic planning. In an attempt to determine how PNW managers and board members view strategic planning, a question was asked regarding whether or not the respondents agreed or disagreed with given definitions of strategic planning. The results are given in Table 14. The response with the largest weighted response – indicating strongest agreement, was that strategic planning is “a way to define where your cooperative is headed.”

Strategic planning in this survey was defined as "a process of developing and maintaining a strategic fit between an organization's goals and capabilities and its changing opportunities." Given this definition, respondents were asked whether their cooperative used strategic planning in its business operations. Eighty-two percent of the respondents (42) stated that their firms did use strategic planning, with 10 percent (5 respondents) indicating that their firms did not employ strategic planning (Table 15). This is a much larger percentage of the firms than had been anticipated -- indicating that strategic planning among agricultural cooperatives is more widespread than this researcher had assumed. However, of this group only 18 percent indicated that it had been successful (with success being defined by the respondent) (Table 15). A large percentage of respondents did not respond to the query as to whether their strategic planning efforts had been successful.

There were a number of ways that those surveyed felt that strategic planning had helped their cooperative. The largest percent (63%) responded that strategic planning had allowed their firm to implement long-range planning (Table 16). This was followed by those that felt that this process helped their co-op capitalize on its strengths. About an equal percentage of respondents felt that strategic planning helped their firm set annual goals and objectives, define a mission

statement and minimize the co-ops weaknesses.

One area that may provide opportunity for both cooperative managers and board members is to do more follow-up to initial strategic planning efforts. Forty-seven percent of respondents indicated that their co-op had employed follow-up methods to monitor the effectiveness of their strategic planning (Table 17).

The most common follow-up procedure (41 %) was setting annual meetings designed to plan additional goals and objectives (Table 17). This was followed by an equal number of respondents who indicated that they used the assistance of a consultant or some other type of meeting as a follow-up to planning.

The survey gave respondents several reasons as to why their firm may not have engaged in strategic planning. Since few respondents (10% or 5 firms) reported that their firms did no strategic planning, the reasons for not doing it are reported by actual number of responses (Table 18). 3 respondents stated that it was hard to get everyone together for a meeting, while 2 each reported that it either took too much time or that their firm seemed to always be reacting to problems. Respondents were then given the opportunity to state if they felt that strategic planning would help their cooperative. Almost 28 percent said "yes" that strategic planning would help their firm, with the majority stating that it would help assist them with both short-term and long-term planning (Table 16). The respondents were also given the opportunity to state why they felt strategic planning might not help their co-op. The largest percentage (40% or 2 respondents) said they didn't know enough about strategic planning (Table 17).

If their agricultural co-op did not do strategic planning, board members and managers were also asked what they felt it would take to get their firm to incorporate strategic planning into their management structure. Almost sixty-seven percent responded that it would take

“formal meetings designed to set plans,” (Table 18). No respondents felt that private consultants or university specialists would be helpful.

Who Does Strategic Planning?

One of the objectives of this research was to attempt to determine characteristics associated with agricultural cooperatives that do strategic planning. To accomplish this objective, a logistic regression was run with PLAN (whether or not a co-op had done strategic planning) as the dependent variable. Independent variables included: SALES (cooperative's total sales in dollars), ADEC (the amount of decrease in market share), FTECH (the amount of change due to addition of new technology), and BOARD (whether the board makes the policy decisions in the cooperative). It was hypothesized that both sales and the change variables would be positively related to whether or not a firm did strategic planning -- that larger firms and firms that have experienced more change in the recent past would do more strategic planning. It was unclear what effect who makes the majority of the policy decisions would have on strategic planning. Several other specifications were also examined, but those results are not reported.

The estimated equation can be found in Table 22. None of the variables was statistically significant. The implication is that there was no strong relation between size of cooperative and/or how much change they have recently experienced and whether the firm performed strategic planning or not. In addition, there was no strong statistical effect from who made policy decisions regarding strategic planning.

Part of what may be happening here is how respondents define strategic planning. Even though strategic planning in this study was defined as “a process of developing and maintaining a strategic fit between an organization’s goals and capabilities and its changing opportunities,” this

definition is broad enough that some respondents could construe that monthly board meetings where they talk about what the co-op is going to do over the next year constitutes "strategic planning."

Thus, to better investigate some of the characteristics of who does or does not do strategic planning (particularly as a more refined, focused type of planning process), more information will be needed. Further work can investigate the relationship between amount of education and experience of both the co-op managers and board members – with the hypothesis that increased education and experience will lead to more strategic planning.

Conclusions

A large percentage (82%) of individuals representing PNW agricultural cooperatives indicated that their firms did engage in strategic planning. However, of this group only 18 percent indicated that they felt that the strategic planning had been successful (with success being defined by the respondent). This opinion was further substantiated by respondents indicating that their largest ranked "weakness" of their cooperative (at least among the choices given) was that their firm engaged in "reactive planning techniques." In addition, no defining characteristics of firms employing strategic planning could be uncovered, indicating that a wide variety of agricultural cooperatives in the PNW region employ this technique.

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TABLE 1. Demographic Characteristics of 51 Responding PNW Ag Co-op Board Members, Managers and the Firms They Represent			
Title	Percent of Respondents	Primary Co-op Function	Percent of Respondents
Director	63	Grain marketing	28
Manager	20	Food processing	12
Other	8	Farm fuel & product supply	12
No response	10	Ag banking	2
Gender		Fishing	10
Male	90	Fruit marketing	16
Female	6	Other	12
No response	4	No response	10
Education		Total Sales	
8 th grade or less	0	Less than \$500,000	0
Some high school	2	\$500,000-\$999,999	6
High school graduate	4	\$1,000,000-\$4,999,999	8
Some college, vocational school	33	\$5,000,000-\$14,999,999	20
College graduate	33	\$15,000,000-\$49,999,999	35
Some graduate work	12	\$50,000,000-\$99,999,999	12
Masters degree	12	More than \$100,000,000	16
Doctorate	0	No response	4
No response	4		
Avg. age	44		
Avg. number of years with co-op	3.6		
State			
AK	12		
ID	16		
MT	8		
OR	26		
WA	63		
UT	4		
Other	8		

TABLE 2. Makeup of PNW Agricultural Cooperative Board of Directors

Number of Directors →	5-8	9-12	13-15	>15	
	52	34	8	4	
How Directors Elected →	By Delegates	Directly by Members	On Regional Basis	On At-Large Basis	
	0	79	9	11	
How often Board meets →	> 1X/Mo.	1 X/Mo.	6 X/Yr.	2 X/Yr.	Other
	14	63	8	4	12
Average Length of Board Meeting →	2-4 Hrs.	4-8 Hrs.	2 Days	> 2 Days	
	65	16	16	4	
Number of Outside Directors →	None	1	2	3	>3
	90	4	2	4	0
Cell Values are Percentages of Respondents					

TABLE 3. How PNW Agricultural Cooperative Managers and Board Members Define Change

Definition of Change	Percentage of Respondents
New and different technology	82.4
New and different management policies	58.8
More information, greater communication	32.0
Biological change	21.6
Environmental change	23.5
Greater access to new markets	47.1

TABLE 4. Amount of Change Experienced by Co-op in Past Year and Last Five Years

Type of Change	Weighted Response	
	Last Year	Past 5 Years
Decrease in market share.	1.39	1.49
Increase in market share.	2.38	2.54
Downsize in labor.	1.58	1.68
Hiring more employees.	1.78	1.96
Implementation of new planning techniques.	2.20	2.49
Addition of new technology	2.53	2.57
Tried implementing change but returned to old habits	-	1.8

TABLE 5. Expectation for Amount of Future Change by PNW Agricultural Cooperatives

Amount of Change	Percentage of Respondents	
	Next year	Next 5 years
None	0	0
Slight	62.7	5.9
Moderate	29.4	43.1
A Lot	5.9	43.1
No Answer	2.0	7.8

TABLE 6. How Important Selected Goals and Objectives are to PNW Agricultural Cooperatives

Goal or Objective	Weighted Response
Increase members' net profit.	3.33
Pay the highest cash prices for members' products.	3.00
Maximize long run returns to members.	3.31
Maintain agriculture industry in the area.	3.40
Obtain premium prices for commodities the co-op markets.	3.45
Operate profitably.	3.86
Try to anticipate and manage change.	3.39
Sell products to members at a reasonable price.	2.69
Operate in an ethical manner.	3.88
Cell values are a weighted response based on the following Likert scale: 1=Not, 2=Slightly, 3=Moderate, 4=Very.	

TABLE 7. Cooperative's Success in Meeting Stated Goals

Failed to Achieve		Met		Exceeded	No Answer
2.0	11.8	51.0	27.5	0	4

TABLE 8. Factors Causing Co-op to Choose Goals

Factor	Percentage of Respondents
Appropriateness of goals	45
Managerial performance	55
Board of Director performance	39
Political, regulatory action	16
Competition	61
Organizational Structure	20
Economic environment	51
Technological change	27
Other	2

TABLE 9. Person(s) Responsible for Setting Co-op Goals and Objectives

Person/Group	Percentage of Respondents
Cooperative members	0
Manager	10
Board of Directors	51
No Response	39

TABLE 10. Influence in Setting Co-op Goals and Objectives

Person/Group	Amount of Influence			
	Not	Slightly	Moderately	Very
Members	6	41	33	14
Board of Directors	0	2	25	73
Manager	0	6	20	75

TABLE 11. Strengths of PNW Cooperatives as Ranked by Respondents

Area	Weighted Response
Efficient and effective marketing strategies	2.49
Manage change through proactive planning	2.35
Financially sound business practices	2.73
Established market share	2.56
Good business location	2.52
Supportive employees	2.49
Supportive members	1.86
Good product lines	2.65
Co-op is established, long-term business	2.78
Cell Values are a weighted response based on the following Likert scale: 1=Low, 2=Average, 3=High	

TABLE 12. Weaknesses of Cooperatives as Ranked by Respondents

Area	Weighted Response
Reactive planning techniques	1.76
Missed business opportunities	1.64
Loss of market share	1.42
Lack of employee support	1.38
Lack of membership support	1.56
Lack of personalized service	1.42
Lack of aggressive marketing techniques	1.49
Poor product lines	1.25
Cell Values are a weighted response based on the following Likert scale: 1=Low, 2=Average, 3=High	

TABLE 13. PNW Agricultural Cooperative Mission Statements

	Percentage of Respondents		
	Yes	No	Don't know
Does co-op have a mission statement?	78.3	13.0	8.7
Our Mission Statement:	Weighted Response		
Ensures unanimity of purpose within the co-op.	3.84		
Provides a basis for motivation of the company's resources.	3.75		
Develops a basis for allocating co-op's resources.	3.39		
Establishes a general tone or organizational climate.	3.94		
Serves as a focal point for staff to identify with the organization's purpose.	3.78		
Cell values are a weighted response based on the following Likert scale: 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree.			

TABLE 14. Defining Strategic Planning

Definition	Weighted Response
A way to define where your cooperative is headed.	4.35
A decision making process for the manager only.	1.88
A decision making process for board members only.	2.27
A strategy to control budgets.	3.23
A plan to strengthen a cooperative's ability to manage risk and uncertainty.	4.02
An opportunity to develop information and technology that improves industry competitiveness.	4.08
Cell values are a weighted response based on the following Likert scale: 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree.	

TABLE 15. Use and Success of Strategic Planning

	Yes %	No %	No Answer
Does Cooperative USE Strategic Planning?	82	10	8
Has Strategic Planning been successful?	18	4	78

TABLE 16. How has Strategic Planning Allowed Success?

Area	Percent of Respondents
Well defined mission statement	45
Goals and objectives set annually	47
Implement long-range planning	63
Capitalize on cooperative's strengths	53
Minimized cooperative's weaknesses through planning	45
Other	6

TABLE 17. Follow-up to Strategic Planning

	Yes	No	No Answer
Has co-op employed follow-up methods or procedures to monitor effectiveness of Strategic Planning?	47.1	29.4	23.5
Follow-up Procedures	Percentage of Respondents		
Set annual meetings designed to plan strategic goals and objectives	41.2		
Used the assistance of private consultant(s)	23.5		
Followed up with other types of meetings	23.5		
Followed up through the use of University Extension strategic planning specialists	0		

TABLE 18. Reasons for not employing Strategic Planning

Reason	Percentage of Respondents
Never heard of strategic planning before	0
Takes too much time	4
Hard to get everyone together for a meeting	6
Change is too rapid to ever properly manage it	0
Cooperative doesn't follow up well on new business procedures	2
We're always reacting to problems	4
We're too busy seeking new business opportunities	0
Other	2

TABLE 19. Will Strategic Planning Help the Cooperative and How?

Area	Percentage of Respondents		
	Yes	No	No Answer
Will Strategic Planning help your cooperative?	27.5	0	72.5
How will Strategic Planning help your co-op?	Percentage of Respondents		
Will provide a structured plan.	12.5		
Will help identify co-op's goals and objectives.	37.5		
Will assist with both short and long-term planning.	50.0		
Will provide a sense of cohesive thought among members.	0		

TABLE 20. Why Respondents Felt Strategic Planning Would NOT Help Their Co-op

Reason	Percentage of Respondents
Don't know enough about strategic planning.	40
Managers and directors can never agree on plans.	20

TABLE 21. What It Would Take To Get Cooperative to Incorporate Strategic Planning?

What It Would Take	Percentage of Respondents
Private consultant	0
Meetings	22.2
University extension specialists	0
Formal meetings designed to set plans	66.7
More information for greater understanding of the process	11.1

TABLE 22. Impact of Selected Variables on the Use of Strategic Planning by PNW Agricultural Cooperatives

Variable	Significance (p values)	Category	Coefficient
Sales	1.0000		
		Less than \$500,000	No observations
		\$500,000-\$999,999	Base variable
		\$1,000,000-\$4,999,999	1.9684
		\$5,000,000-\$14,999,999	.7057
		\$15,000,000-\$49,999,999	1.1575
		\$50,000,000-\$99,999,999	2.1019
		\$100,000,000 or more	2.2561
Decrease in Market Share	.9998		
		None	Base variable
		Slight	-11.5721
		Moderate	20.7776
		A Lot	-23.5367
Addition of New Technology	.9999		
		None	Base variable
		Slight	3.9214
		Moderate	14.7204
		A Lot	-8.7601
Whether Board Members make co-op policy	.9875		40.1063
Predictive ability	% correct - plan	100%	
	% correct - no plan	50%	
	Overall accuracy	94.59%	
Chi-squared significance	.0709		

Appendix A

Survey Instrument

Welcome to the 1996 Cooperative Leadership Seminar. We ask that you complete this survey so that we can understand how your agricultural cooperative operates in the changing business environment. Thank you for your cooperation.

SECTION ONE:

CHANGE is something that we try to manage on a day-to-day basis.

Q1. One way to define the word change might be: *the act or instance in making or becoming different*. How do you define CHANGE? (Circle the number of your response. You may select more than one item.)

- New and different technology 1
- New and different policies (management) 2
- More information, greater communication 3
- Biological change 4
- Environmental change 5
- Greater access to new markets 6

Q2. From the list below, how much of each CHANGE has your cooperative experienced in the last year.

	<u>None</u>	<u>Slight</u>	<u>Moderate</u>	<u>A lot</u>
Decrease in market share	1	2	3	4
Increase in market share.....	1	2	3	4
Downsize in labor	1	2	3	4
Hiring more employees.....	1	2	3	4
Implementation of new planning techniques	1	2	3	4
Addition of new technology.....	1	2	3	4
Other	1	2	3	4

Q3. From the list below, how much of each CHANGE has your cooperative experienced in the last five years?

	<u>None</u>	<u>Slight</u>	<u>Moderate</u>	<u>A lot</u>
Decrease in market share.....	1	2	3	4
Increase in market share.....	1	2	3	4
Downsize in labor.....	1	2	3	4
Hiring more employees	1	2	3	4
Implementation of new planning techniques.....	1	2	3	4
Addition of new technology.....	1	2	3	4
Tried implementing change.....	1	2	3	4
but returned to old habits.....	1	2	3	4
Other.....	1	2	3	4

Q4. How much do you believe your agricultural cooperative change in the NEXT YEAR and NEXT FIVE YEARS?

	<u>Next Year</u>	<u>Next 5 Years</u>
None	1	1
Slight	2	2
Moderate.....	3	3
A lot.....	4	4

Q5. How effectively do you feel your cooperative's management (manager, board of directors) handles CHANGE?

- Not..... 1
- Somewhat..... 2
- Very..... 3

Q6. Do you feel the majority of the membership of your cooperative is VOCAL as to CHANGES? (that is they express their feelings freely)

- All the time..... 1
- Occasionally..... 2
- Neutral..... 3
- Somewhat..... 4
- Never..... 5

Q7. How often does your membership communicate their opinions on CHANGE in each of the following ways?

	<u>Never</u>	<u>Seldom</u>	<u>Sometimes</u>	<u>Often</u>
Write letters to the Board	1	2	3	4
Meet with the Board	1	2	3	4
Discuss problems with other members.....	1	2	3	4
Remain silent on important issues.....	1	2	3	4

Q8. How important do you feel CHANGE is to the financial viability of your cooperative?

- Very..... 1
- Somewhat..... 2
- Slightly..... 3
- Not At All..... 4

SECTION TWO:

GOALS and OBJECTIVES in a cooperative often help to set direction and evoke future actions.

Q9. Please indicate how important each of the GOALS and OBJECTIVES are to your cooperative.

	<u>Not</u>	<u>Slightly</u>	<u>Moderate</u>	<u>Very</u>
Increase members net profit	1	2	3	4
Pay the highest cash prices for member's products.....	1	2	3	4
Maximize long run returns to members	1	2	3	4
Maintain agriculture industry in the area	1	2	3	4
Obtain premium prices for commodities the co-op markets	1	2	3	4
Operate profitably.....	1	2	3	4
Try to anticipate and manage change.....	1	2	3	4
Sell products to members at a reasonable price	1	2	3	4
Operate in an ethical manner.....	1	2	3	4

Q10. Has your cooperative exceeded, met, or failed to achieve the above goals?

Failed to achieve	Met	Exceeded
1	2	3
4	5	

Q11. What do you think are the factors that cause your cooperative to choose the goals it does (You may circle more than one)?

Appropriateness of goals	1
Managerial performance.....	2
Board of Director performance	3
Political, regulatory action.....	4
Competition	5
Organizational structure	6
Economic environment.....	7
Technological change.....	8
Other	9

Q12. Who is responsible for setting the GOALS and OBJECTIVES of your cooperative?

Cooperative members	1
Manager	2
Board of Directors	3

Q13. How influential are the following in setting the GOALS and OBJECTIVES in your cooperative?

	<u>Not</u>	<u>Slight</u>	<u>Moderate</u>	<u>Very</u>
Cooperative membership.....	1	2	3	4
Board of Directors	1	2	3	4
Manager.....	1	2	3	4

Q14. How much input do the members of your cooperative have in:

	<u>None</u>	<u>Slight</u>	<u>Some</u>	<u>A lot</u>
Planning.....	1	2	3	4
Decision making.....	1	2	3	4

Q15. Rate your co-op's strengths:

	<u>Low</u>	<u>Average</u>	<u>High</u>
Efficient and effective marketing strategies	1	2	3
Manage change through proactive planning.....	1	2	3
Financially sound business practices	1	2	3
Established market share	1	2	3
Good business location	1	2	3
Supportive employees.....	1	2	3
Supportive membership.....	1	2	3
Good product lines	1	2	3
Coop is established, long-term business.....	1	2	3

Q16. Rate your co-op's weaknesses: (High means you have a problem)

	Low	Average	High
Reactive planning techniques	1	2	3
Missed business opportunities	1	2	3
Loss of market share.....	1	2	3
Lack of employee support	1	2	3
Lack of membership support.....	1	2	3
Lack of personalized service	1	2	3
Lack of aggressive marketing techniques.....	1	2	3
Poor product lines.....	1	2	3

Q17. Who makes the POLICY DECISIONS within your cooperative?

- Cooperative members1
- Manager.....2
- Board of Directors3

Q18. Who makes the DECISIONS related to implementing the daily operations of the cooperative?

- Cooperative members1
- Manager.....2
- Board of Directors3

Now we would like to ask you some questions about your cooperative's BOARD OF DIRECTORS.

Q19. How many directors are on the board? _____

Q20. How are these directors elected?

- By delegates.....1
- Directly by members.....2
- On a regional basis.....3
- On at-large basis4

Q21. How often does your board of directors meet?

- More than once a month.....1
- Once a month.....2
- Every other month.....3
- Twice a year.....4
- Other.....5

Q22. When your board of directors meets, what is the average length of that meeting?

- 2-4 hours.....1
- 4-8 hours.....2
- 2 days.....3
- More than 2 days.....4

Q23. How many outside directors (non-member directors) are on your board?

- None1
- 1.....2
- 2.....3
- 3.....4
- More than 3.....5

SECTION THREE:

STRATEGIC PLANNING is a process of developing and maintaining a strategic fit between an organization's goals and capabilities and its changing opportunities.

Q24. Please indicate whether you STRONGLY AGREE (SA), AGREE (A), NEUTRAL (N), DISAGREE (D), or STRONGLY DISAGREE (SD) with the following statements. Strategic planning is:

	SD	D	N	A	SA
A way to define where your cooperative is headed	1	2	3	4	5
A decision making process for the manager only	1	2	3	4	5
A decision making process for board members only.....	1	2	3	4	5
A strategy to control budgets.....	1	2	3	4	5
A plan to strengthen a cooperative's ability to manage risk and uncertainty	1	2	3	4	5
An opportunity to develop information and technology that improves industry competitiveness.....	1	2	3	4	5

Q25. Using the definition of strategic planning given above, does your cooperative use STRATEGIC PLANNING in its business operations?

Yes.....1 GO TO Q27
No.....2 GO To Q31

Q26. Has your STRATEGIC PLANNING been successful?

Yes.....1 GO TO Q27
No.....2 GO TO Q28

Q27. In what ways has STRATEGIC PLANNING allowed your cooperative to become successful? (You may circle more than one)

Well defined mission statement..... 1
Goals and objectives for the cooperative are set annually..... 2
Implement long-range planning..... 3
Capitalized on cooperative's strengths..... 4
Minimized cooperative's weaknesses through planning..... 5
Other..... 6

Q28. Has your cooperative employed follow-up methods or procedures to monitor the effectiveness of your STRATEGIC PLANNING techniques?

Yes.....1 GO TO Q29
No.....2 GO TO Q35

Q29. Which follow-up procedures to STRATEGIC PLANNING has your cooperative implemented? (You may circle more than one.)

Set annual meetings of the board designed to
plan strategic goals and objectives..... 1
Used the assistance of private consultant(s)..... 2
Followed up with other types of meetings..... 3
Followed up through the use of University Extension
strategic planning specialists..... 4
GO TO Q35

Q30. Why do you think your cooperative does not use STRATEGIC PLANNING techniques to manage change in its business operations? (You may mark more than one)

Never heard of strategic planning before..... 1
Takes too much time..... 2
Hard to get everyone together for a meeting..... 3
Change is too rapid to ever properly manage it..... 4
Cooperative doesn't follow up well on new
business procedures..... 5
We're always reacting to problems..... 6
We're too busy seeking new business opportunities..... 7
Other..... 8

Q31. Do you think STRATEGIC PLANNING would help your cooperative?

Yes.....1 GO TO Q32
No.....2 GO TO Q33

Q32. Why do you think strategic planning will help your cooperative?

Will provide a structured plan..... 1
Will help identify co-op's goals and objectives..... 2
Will assist with both short and long-term planning..... 3
Will provide a sense of cohesive thought among members..... 4
Other reasons..... 5
GO TO Q34

Q33. Why do you think strategic planning will not help your cooperative?

Don't know enough about..... 1
Too time consuming..... 2
Can't afford to allocate the capital to implement it..... 3
Managers and directors can never agree on plans..... 4
Other reasons..... 5

Q34. What would it take for your cooperative to incorporate strategic planning?

Private consultant..... 1
Meetings..... 2
University agricultural extension specialists..... 3
Formal meetings designed to set plans..... 4
More information for a greater understanding
of the process..... 5

Q35. Strategic planning often emphasizes identifying a MISSION STATEMENT. A mission statement identifies the underlying design, attitude, or direction of a company. Does your cooperative have a mission statement?

- Yes..... 1 GO TO Q36
- No 2 GO TO Q37
- Don't know. 3 GO TO Q37

Q36. Please indicate how you feel about each statement. Does your cooperative mission statement:

	<u>SD</u>	<u>D</u>	<u>N</u>	<u>A</u>	<u>SA</u>
Ensure unanimity of purpose within the coop	1	2	3	4	5
Provide a basis for motivation of the company's resources.....	1	2	3	4	5
Develop a basis for allocating coop's resources.....	1	2	3	4	5
Establish a general tone or organizational climate	1	2	3	4	5
Serve as a focal point for staff to identify with the organization's purpose.....	1	2	3	4	5

SECTION FOUR:

Personal and Cooperative information.

Q37. What is your gender?

- Male..... 1
- Female 2

Q38. What is your age? _____

Q39. We would like to know how you feel about the farm economy in the UNITED STATES over the next 5 years. Do you think it will:

- Get better 1
- Stay the Same..... 2
- Get worse 3

Q40. We would like to know how you feel about the farm economy in your COMMUNITY over the next 5 years. Do you think it will:

- Get better 1
- Stay the same 2
- Get worse 3

Q41. What is your education level?

- 8th grade or less..... 1
- Some high school 2
- High school graduate..... 3
- Some college, vocational school..... 4
- Graduated from college 5
- Some graduate work 6
- Masters degree 7
- Doctorate 8

Q42. What is your official title within your agricultural cooperative?

- Member..... 1
- Director..... 2
- Manager..... 3
- Other 4

Q43. How many years have you been affiliated with your cooperative?

- 0-1 year..... 1
- 1-2 years 2
- 2-5 years 3
- 5-10 years 4
- More than 10 years 5

Q44. In which state(s) does your cooperative operate? (Circle all that apply)

- Alaska 1
- Idaho 2
- Montana 3
- Oregon 4
- Washington..... 5
- Utah 6
- Other states 7

Q45. What is the primary function of your agricultural cooperative?

- Grain marketing.....1
- Food processing.....2
- Farm fuel and product supply.....3
- Agricultural banking.....4
- Fishing.....5
- Fruit Marketing.....6
- Other.....7

Q46. Approximately what are your cooperative's total sales?

- Less than \$500,000.....1
- \$500,000 to \$999,999.....2
- \$1,000,000 to \$4,999,999.....3
- \$5,000,000 to \$14,999,999.....4
- \$15,000,000 to \$49,999,999.....5
- \$50,000,000 to \$99,999,999.....6
- \$100,000,000 or more.....7

Thank you for completing this survey.

