

DECALOGY OF COOPERATIVES MANAGEMENT

2

**MANUAL ON
ORGANIZATIONAL DEVELOPMENT
FOR COOPERATIVES**

ACKNOWLEDGEMENT

This manual was written by **Sarah Rebecca Gonzaga** under the supervision of **Dr. Eduardo A. Morato, Jr.**, Chairman and President, Bayan Academy for Social Entrepreneurship and Human Resource Development, Inc. This is part of the NATCCO Knowledge Resource Center Project from April 2018 to May 2019. Copyright 2019.

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I. FOREWORD

A century of the cooperative movement in the Philippines has resulted in betterment of many Filipino lives, whether as a member or a beneficiary. The movement has also helped pave the way for agricultural advancement, food security, financial assistance, employment opportunities, and economic growth. As the cooperative movement sustains its growth, Organizational Design and Organizational Development continue to be essential mechanisms in improving the organization.

This manual is intended for cooperatives who seek to improve their organizational processes and structures while improving the capabilities of employees. Top Management in close coordination with the Human Resources unit may lead in implementing or applying the given exercises but this also serves as a good reference material for managers and officers of the cooperative.

It is envisioned that this manual will be a good reference for cooperatives who wish attain organizational effectiveness and efficiency. It is a collection of information and exercises consistent with a couple of the aims of cooperative organization in the Philippines, as listed by the Cooperative Development Authority, particularly:

- Teach efficient ways of doing things
- Propagate cooperative practices and new ideas in business and management

Whether the cooperative is newly-formed or has been established for quite some time, It is hoped that users of this manual find it valuable in designing or enhancing their Organizational Architecture.

II. HOW TO USE THE MANUAL

Each section contains **Text** that briefly discusses the topic and is often followed by a **Worksheet**. The worksheets may be in the form of **Guide Questions**, **Checklists**, or **Templates** which are immediate applications of the concepts previously discussed. In some topics, a **Diagram** accompanies the text for better visualization. Spaces are also provided for jotting down notes.

Depending on the type of cooperative some questions or checklists may not be applicable; it is recommended that the user works on those questions or worksheets that are relevant. Also, while definite answers will be helpful in the process, these answers may be revised as more information is gathered.

More than providing the **How To's** of Organizational Design and Organizational Development, this manual will also require taking a step back and reflecting on the cooperative's systems, structure, processes, people, and the interactions between units. It should be noted that this manual is not meant to be accomplished in one day. The use of this manual is not limited to individual work and true to the spirit of Organizational Development, collaboration is strongly encouraged.

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MANUAL ON ORGANIZATIONAL DESIGN AND DEVELOPMENT FOR COOPERATIVES

Introduction

What is Organizational Design and Organizational Development?

Organizational Design is a method of exploring an organization's work flow, processes, procedures, systems and aligns these to fit Strategies and Goals. It is usually geared towards the improvement of customer service, business relationships, internal processes, and operational procedures in general. As a result of the improvements, the organization can achieve improved turnaround time (shorter waiting periods), increased growth and profitability, quality customer service which leads to customer satisfaction; the last item often becomes a useful marketing tool for cooperatives to recruit new members into the organization.

Organizational Development is the integration of the people (employees) with the work flow, processes, and systems within the organization. It also emphasizes that employees' are aligned with the organization's vision, strategy, and directions, and they are given opportunities to improve and further develop their competencies through learning activities and proper guidance. Organizational Development also considers the internal characteristics of an organization such as organizational culture and employee morale.

Organizing

When it comes to Strategy Implementation, it often results in Organizing people to carry out the Programs, Activities and Tasks for each Strategy. Organizing directs the strategist to accomplish the trilogy of Organizational Architecture – Organizational Diagnosis, Organizational Design, and Organizational Development.

Organizational Diagnosis

Before proceeding to the Organizational Design and Development stages, the cooperative is expected to have done an Organizational Diagnosis using the Ten Levels of Internal Assessment and the Four Levels of External Assessment. The Organizational Diagnosis should reveal where the organization's qualitative and quantitative gaps are. For the complete steps in Organizational Diagnosis please refer to the specific manual.

Organizational Design

Organizing often starts from the top, from where the Board of Directors and the CEO or General Manager sit. It then proceeds to the lower levels, down to where the rank and file stand. Organizations should change their top-down approach by, once again, beginning with the end in mind – where the customers make their purchasing transactions.

Organizing for Customers

Customers are more informed today. The mass media, the Internet, mushrooming malls, ubiquitous billboards, and public transport advertising overwhelm the eyes and ears of consumers. As a result, the consumer's range of choices and buying behavior has changed. In order to sell their products, cooperative enterprises must work on the four stages of consumer metamorphosis.

First, there is a need to make the customers aware of the product or service. There are TV ads and word of mouth endorsements, consumer testimonials and screen-idol mimicry, trade journal articles and Website pages. Multiple awareness-creating opportunities abound but only a few are effective for certain types of products and target customers.

Second, the customers' interest to buy must be aroused. Sometimes, this comes with the awareness campaign. Sometimes, it does not. Closer customer contact is often necessary to entice customer interest. Customers may need some confirmation that the product or service would actually benefit them. Physical outlets and other readily accessible channels (such as friends and relatives patronizing the products, or goods and service being brought to customers' doorsteps) may be crucial to arouse interest.

Third, the customer undergoes an educated evaluation process. Some customers may buy a few items on impulse, but many products and services require careful customer deliberation. Customers shop around and compare prices, product attributes and after-sales services. They ask "experts" or people who have tried the products. They surf the Net, read brochures and scrutinize manuals. Talking to flesh-and-blood representatives of the cooperative is important to inquisitive customers.

Fourth, the customer makes the decision to purchase and physically gets hold of the products or services. This may be the point of highest customer contact when the final purchase agreement is made. It can, however, be a low contact proposition for some if the merchandise is delivered by couriers, or if the products are commodities.

An analysis of the four levels of customer metamorphosis from awareness creation to final purchase should lead to the first organizing effort.

Worksheet 1: Organizing for Customers

Using the guide questions and checklist below, assess how your cooperative organizes for activities for customers.

Guide questions	Check the efforts your cooperative currently implements
Organizing for Awareness: How should the cooperative organize for awareness?	<ul style="list-style-type: none"> <input type="checkbox"/> Engagement of a Direct Marketing Group <input type="checkbox"/> Hiring an External Ad Agency to produce: <ul style="list-style-type: none"> <input type="checkbox"/> TV commercial <input type="checkbox"/> Radio commercial <input type="checkbox"/> Infomercial <input type="checkbox"/> Text blast <input type="checkbox"/> Social Media <input type="checkbox"/> In-house promotion unit <input type="checkbox"/> Create/Maintain a website <input type="checkbox"/> Word of mouth/referral <input type="checkbox"/> Promo events <input type="checkbox"/> Getting a product endorser (expert or celebrity) <input type="checkbox"/> Manuals
Arousing Customer Interest: How should the cooperative organize for arousing customer interest?	<ul style="list-style-type: none"> <input type="checkbox"/> Branch demonstration/ presentation <input type="checkbox"/> Flyer distribution in key areas (malls, busy streets, outside of branch, etc.) <input type="checkbox"/> Event sponsorships <input type="checkbox"/> Kiosks/stalls in malls, busy areas, or events (e.g. trade conferences or expos) <input type="checkbox"/> Telemarketing <input type="checkbox"/> Participation in industry-related conferences, expos, or events <input type="checkbox"/> Membership in industry organizations <input type="checkbox"/> In-house departments or units in

Guide questions	Check the efforts your cooperative currently implements
	<input type="checkbox"/> Marketing <input type="checkbox"/> Sales <input type="checkbox"/> Public Relations
Helping the customers make an evaluation: How should the cooperative organize to help the customer make an evaluation?	<input type="checkbox"/> Third-party evaluator <input type="checkbox"/> Trial period <input type="checkbox"/> Website <input type="checkbox"/> Social Media <input type="checkbox"/> Print advertising <input type="checkbox"/> Independent reviews <input type="checkbox"/> Manuals/brochures <input type="checkbox"/> Word of mouth/ referral/ testimonials <input type="checkbox"/> Endorsement by a celebrity or expert
Closing the purchase: How should the cooperative organize for closing the purchase transaction with the customer?	<input type="checkbox"/> Locations other than main office/branch <input type="checkbox"/> Kiosks in malls, busy areas or events (e.g. trade conferences or expos) <input type="checkbox"/> Tie up with courier services, banks, online shopping websites or TNVS (e.g. Grab)

Given your answers to the guide questions above and the current efforts you have, how should your cooperative organize for customers? What will be your next steps? What activities will your cooperative maintain or develop?

Notes:

In Organizing for Customers, the cooperative should take seven important variables into account.

1. Contact

Does the product or service require very high, average or very low customer contact?

2. Accessibility

How accessible should the product or service be to the customer?

3. Pitch

Does the product or service require a very high sales pitch (hard sell) or would a very low sales pitch do (soft sell)?

4. Frequency

How frequently does the customer need to hear the marketing message?
How often must the customer be reminded?

5. Traffic

Does the product or service need to be in very high traffic locations?

6. Servicing

Does the customer need heavy or light after-sales servicing?

7. Transaction

Is the transaction cost of delivering the product or service high or low relative to its price?

The strategist should examine the seven purchase parameters carefully while doing an Organizational Design to ensure optimum customer impact.