

LEADING AND MANAGING COOPERATIVES

1

SELF MASTERY AND LEADERSHIP

1 SELF MASTERY AND LEADERSHIP

NO.	CASELET TITLE	TOPIC
1	G. Severino Multi-Purpose Cooperative (GSMPC)	Leadership
2	Talampas Cooperative	Leadership
3	Too Tough to Handle	Leadership
4	Why are you Doing what you are Doing?	Self-Mastery: Learning to Feel



G. SEVERINO MULTI-PURPOSE COOPERATIVE (GSMPC)

Introduction

It had been 10 years that the G. Severino Multi-Purpose Cooperative was experiencing good income and a positive working environment. The management had been doing a great job in improving the income of GSMPC, especially the General Manager (GM). He had the ability to think of ways of inviting people to become their regular members. In his eagerness to keep a good record, he treated the cooperative as if it were his own.

Aside from improving the income of the cooperative, the GM was able to create a positive working environment, good management of employees and the members wherein they were treated like they were family members. Every time the members were having problems or issues with their fellows, the GM was there to handle the situation for the members to solve conflicts. He was good in preventing negativity in the cooperative.

The GM spent the rest of his life in managing the cooperative, until it was time for him to retire. His health situation had a big impact on his decision to retire. He did not have children or a wife, so his other family members asked him to go with them abroad so they could take good care of him. With this, he agreed.

The person which the GM groomed to be his successor was Mr. Campo. It was also the management's decision for Mr. Campo to be the next GM. He had been working for the cooperative for five years, and they saw him as a leader that could possibly sustain what the outgoing GM had done. The people around him liked him as a co-worker and as a friend.

The Challenge

At first, Mr. Campo was not interested in being the next GM. He also told the management that he was pressured by the standard set by the outgoing GM, but they were able to convince him that he could do the job. Mr. Campo thought about it thoroughly and he finally accepted the position.

When he finally assumed the position, he had a good start since he was trained on how to handle finances, and most of the people in the community knew him. After a year, he was able to sustain the good financial record of the GSMPC. He even thought of more ways to market their services. However, as months passed by, the officers were starting to have difficulty in socializing with others because of their personal issues.

Mr. Campo thought that it was not of serious concern since the previous GM had times when he did not have to "put out the fire." He was also too focused in maintaining the good financial record of the cooperative and he thought that it was more important during that time because of the pressure, and fear that the income of the cooperative might decrease.

As time passed by, the GSMPC management started to have a "cold war." Some of them were saying that they did not want to be in their office anymore. There was even a point that one officer decided to leave the office for good because she thought that it was not a healthy working environment. The happy working environment which made the people stay in the past was slowly fading, until some of them started disliking Mr. Campo.

Mr. Campo's attention finally focused on the workplace issues, but it was too late because most of the officers were not in good terms at that point. Mr. Campo tried to talk to the people involved but had failed to resolve the issues.

For the cooperative's staff, a positive working environment was very important. Most of the officers' reason for staying in the cooperative was the positive work environment it had in the past which was suddenly lost.

Personal issues arose and affected some of the people in the management team. Then, a time came where half of the officers left the cooperative to search for other opportunities. The other half of them stayed because they just had no choice, and they could not see other opportunities outside of the cooperative because of their old age which was from 40 years old and above.

Resolution

Because of the officers' personal issues and workplace environment challenges that the cooperative had, Mr. Campo thought of resigning from his position as the GM. However, the people who still believed in him convinced him to stay because there might be no other person to replace him. They also made him realize that it was only his first year of service. He was able to lead the cooperative in maintaining a good financial record, and it was one of the positive things that he did for the GSMPC.

He started to get along with his people who remained, and he started to hire replacements of those who resigned. However, his way of communicating with people was really different from the previous manager. Some of the officers could understand his management strategies, but some could not.

However, his capability in improving the income of the cooperative was really good. He was able to increase the income to 10% with only after a year of his leadership. And, of course, through the help of the management team – some of whom had left the cooperative.



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TALAMPAS COOPERATIVE

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The year 2018 was about to close and the Human Resources (HR) Manager of Talampas Cooperative was faced with a tough decision regarding its leadership and recruitment. After being led by the same General Manager (GM) for the past ten years, it was now time to choose a successor who would continuously grow the cooperative to its full potential. There were several candidates vying for the position and utmost assessment should be observed in order to choose the best leader for its members. Given all the qualifications and considering the decision of the board of directors, under whose leadership would Talampas Cooperative flourish the most? Who should be its next General Manager?

The Talampas Cooperative

Talampas Cooperative was one of the largest multi-purpose cooperatives in Southern Visayas. For the past 25 years, the cooperative's enterprises included credit and savings as its main enterprise, and piggeries, rice mills, and hostels, as its secondary enterprises.

In 2007, the cooperative underwent major deficits when one of its branches lost around 2.7 million because of fraud. During this time, the cooperative was led by its General Manager (GM), Pablo Dimaano. The board of directors insisted on conducting an investigation on the employees involved in the case. However, these employees went AWOL thus, leaving Mr. Dimaano to take responsibility for what has transpired. He was then asked to resign from his position.

The Rise of the Cooperative

With the GM position open in 2008, the board of directors decided to appoint one of the cooperative's officers to fill in as she seemed to be the most qualified. Mrs. Elizabeth Lee was a CPA and has been the former head of the audit committee. She has been an officer of the cooperative for years and is adept in its policies and processes. Despite the resignation of one-third of the human resources department during her leadership, she was able to turn the situation around and continuously improve the cooperative's financial performance year-on-year: from a PAR of 64% in 2008, to 22% in 2016, then down to 12% in 2017.

Talampas Cooperative continued to flourish with Ms. Lee's leadership and in July 2018, it received an award from a non-government organization (NGO) recognizing the cooperative for having the best performance in Agricultural enterprises. Mrs. Lee was filled with joy as she has been able to lead the cooperative to a well-respected stature as a social enterprise, and she only wished that this will be sustained even after she leaves for her retirement. With only about 5 months left, Mrs. Lee hoped to make Talampas Cooperative be ACCESS-branded before the year ends and to turn over the GM role to the most fitting candidate.

The Assessment of Candidates

After a decade under Mrs. Lee's leadership, the board of directors had once again found themselves under a difficult predicament: who then should be the next GM? Taking into consideration Talampas Cooperative's policy of hiring someone within the organization so

as not to disrupt the cooperative's culture, the board evaluated three candidates against a stringent list of competency requirements (See Annex A). The three candidates were:

- a.) Mr. Gerry Granada – an officer and member of the board, a management graduate and has been a member of the cooperative for more than 10 years. He was knowledgeable in agricultural business but was not entirely familiar with the operations of credit and savings. He was well-respected by the members in the cooperative because he can relate well with them. He also demonstrated sound and clear judgment every board meeting, making him one of the likely candidates for the position. However, Mr. Granada had an asking salary which is above the entry rate for the GM position. He was 43 years old and with family.
- b.) Ms. Josefina Dimalata – one of the current branch managers. She had been an employee of the cooperative for 20 years and had been in the credit and savings operations. She had been assigned before as an Area Manager (AM) but was brought back to branch operations because she failed to manage the 3 other branches during her AM function. She was an agriculture manager and was really great in dealing with members. However, she needed to develop skills and competencies in financial management and analysis. She was 53 years old, married, and with a child who was working in Manila.
- c.) Mr. Toby Tobias – an Area Manager for 4 years. He came from a micro-finance background and was adept in credit management. He was able to motivate the 3 branch managers under him to perform well. Despite being an IT graduate, he was able to perform well as an AM because of his ability to understand the process and to provide strategies to the branch managers (BMs) in addressing their respective branch concerns. Just like Mrs. Dimalata, he was not well-versed in financial management and analysis. Aside from this, Mr. Tobias was unable to relate with the other units or groups in Talampas Cooperative. Others say he was “*masungit*” (a snob) because he was a “*matandang binata*” (unmarried) at the age of 50.

Next Steps and Next Leadership

After assessing the candidates' qualifications, the board of directors decided to hire Mr. Granada as the new incoming manager. However, the process of selection and the evaluation of candidates were deemed insufficient as the HR manager notes several concerns regarding Mr. Granada's appointment:

“The board has no legal basis in granting his salary. He's not qualified for the post.”

"Does he need on the job training or shadowing for the position?"

"Does he need to receive the salary of a GM outright without performance evaluation?"

"He will be the approving authority for all disbursements of the cooperative, but he is not familiar with the operations."

"Can Mrs. Lee remain the approving authority for disbursement until the effective date of the new GM since leadership is still undergoing its transition?"

Despite the evaluation of qualifications and process of selection, there were still unresolved issues regarding Talampas Cooperative's future leadership. Among all the options, was Mr. Granada really the most fitting candidate for the General Manager position? What parameters should have been set in order to assure the proper selection of a cooperative's leadership? What were the guidelines and protocols to ensure smooth transitions between outgoing and incoming leaders? How can the cooperative equip and prepare its members to take on managerial roles in the future?