



## Terms of Reference (ToR)

### Coaching the execution of strategic plan and application of KPI Dashboard to achieve results and keep track of performance, for Tsehay, and Rasgayint FCUs. Mission# 10417 (Tsehay and Rasgayint Farmers Cooperatives Union)

The projects 18tse-7674, and 18rgmp-7673 are assignments within the framework of farmers fighting poverty program in Ethiopia. The mission is carried out by Agriterra ET team in combination with identified Agripoolers. The agribusiness advisor responsible for supervising this assignment is Ysakor Hailu along with Habtamu Aweke.

#### Mission

This mission is meant to enhance the development and implementation of strategic plan for aforementioned Unions.

#### Background

##### Agriterra

Agriterra is a development agency founded and steered by the farmers' organisations and agricultural cooperatives in the Netherlands. Its mandate is to strengthen producers' organisations worldwide. Among other activities it supports co-operative farmer-led economic development in developing countries. Agriterra mainly acts as a facilitating agency and provides advisory and broker services to farmer-led business initiatives to enable them to:

- Develop sound and bankable business plans for starting-up new agribusiness ventures and/or expanding existing ones
- Improve their financial management capacity
- Have access to capital
- Rely on technical support

For farmer-led business initiatives, Agriterra specifically supports business development services in the pre-investment phase such as feasibility studies, market surveys, business planning and capacity building components. But also, organisational development is being supported as advising on governance and financial systems.

In addition, Agriterra provides:

- brokerage services to link farmer-led business development initiatives with investors, banks and other primary and supportive stakeholders in the value chain.
- advisory services often employing AgriPool advisors: experts stemming from co-operative and private agribusiness companies from the Netherlands and beyond with a specific thematic or sector expertise
- Agriterra does not fund purchase of premises, machinery and other types of hardware.

##### Farmers' Cooperative Union /FCUs

Agriterra has assisted the FCU in owning a long-term strategic plan to better refine and streamline their directions. Using its unique peer-to-peer approach Agriterra tries to support farmers' organization by sourcing counterpart peers who are experts in specific areas of cooperative operations across the globe. This mission will also emplace an experienced Agripool who has the expertise in cascading and executing strategic plan of clients.

#### Introduction

**Strategic Plan:** Most Agriterra clients never had a defined well-crafted strategic plan which guides their effort and ambition. Agriterra has played a pivotal role in getting local consultant who can study the internal and external aspects of these unions, in order to get them a well-studied and guiding 5-years strategic plan for most of its clients. Quite often, although unions have a vision, a mission and value statements, there is no clear strategy that guides them towards their vision. Thus, it is common to see that Clients do different activities haphazardly every year without predefined goals and objectives. It is Agriterra's belief that Clients should have a SMART long-term plan to better guide, their efforts in wholesome manner.

Nonetheless, the studied strategic plans are not fully and proficiently executed by the FCUs for lack of knowing the execution techniques and missing performance indicators to keep track and trace of milestones.

The FCUs need to get a good understanding on converting the strategic plans to SMART objectives and further cascading them down to departments and employees annual and monthly activities. The FCUs also lack the proper financial planning in prioritizing activities to their limited resources. Prioritizing activities and aligning the resources (budgeting), is also another loose end in the implementation of the strategic plan.

**Key Performance Indicators** (KPI) are measures used to evaluate success of organization or to evaluate the success of several activities in which it is engaged. KPIs help an organization reach predefined goals. When an organisation has analysed its mission, and defined its goals, it needs a way to measure progress toward those goals. Within cooperatives, such measurement is often missing, track of progress is lost and performance is not well traced. One of the reasons of the inability of a cooperative is in controlling its performance through appropriate performance targets that can have significant impact to the overall business performance.

Putting performance measurement systems in place can be an important way of keeping track of the progress of the cooperative business. It gives you vital information about what's happening now and it also provides the starting point for a system of target-setting that will help you implement your strategies for growth. Which would help to determine if the cooperative is getting better, and assist to put in to effect the desired change. KPI give insight to mark exactly where you are, so you can take the right measures to reach your desired goals.

### **Background Information**

To stream line the branched efforts of FCUs energy (which is inefficient, ineffective and lacking direction) some of the unions listed below have been supported to get a 5 years strategic plan. These FCUs are: Tsehay and Rasgayint.

The strategic plan for Tsehay has been developed end of 2015, and has been implemented arbitrarily. Whereas in Rasgayint, the union has a strategic plan since the bgining of 2017, there is less focus and knowledge on the systematically cascading the strategic milestones into activities.

Tsehay union is a client involved in the agricultural sector. It is one of the biggest cooperative Unions in the Amhara region where the number of affiliated cooperatives has increased to 138. The major types of businesses in which Tsehay Union is engaged are: farm Input supply, grain marketing, consumer goods, value addition (sesame cleaning and concentrated feed production), freight transport, export marketing and some capacity building activities.

To enhance its role in the market and the operational efficiency and effectiveness Agriterra had invited and commissioned a consulting firm to formulate a strategic planning and management (SPM) document that could be implemented in five years' time frame.

Rasgayint union is a union of 37 member primary cooperatives, which are endowed with the production and sales of mainly harroicot bean and malt barley. Comparatively, Rasgayint is an infant union which has few staff and undepartmentalised organizational setup.

One common Achilles heel of the above-mentioned unions is the unability to work towards achieving predefined goals and keeping track of performance. Although the degree of dysfunction varies between them.

Although every year the unions state their desired goals in terms of plans, there is no mechanism to prioritise and emphasize on few selected SMART goals. Tracking performances and achievements and their alignment to goals is also distant. Although the development and approval of the 5 years strategic plan is an important step, core strategic themes have not been addressed, there is a knowledge gap on implementing and measuring progress.

The unions own strategic visions that has been complete a while ago, but breaking top level objectives down into smaller concrete targets and making it easier to manage the process of delivering it was not conducted properly. In this way, targets seem to be form a crucial link between strategy and day-to-day operations.

Knowing how the different areas of your business are performing is valuable information in its own right, but a good measurement system will also let you examine the triggers for any changes in performance.

Performance targets are a powerful management tool that can help you deliver the kind of strategic changes that many growing businesses need to make. The top-level objectives of your strategic plan can be implemented through departmental goals, and setting targets based on KPIs, this is demanded by the unions.

## Assignment Objectives

To train the union management and departmental heads the techniques of prioritizing the the objectives of the strategic plan, breaking down the strategic themes into manageable departmental and annual plans.

A key to ensuring execution is staying on top of results. Educate the union how to set up proper KPI (KPI-dashboard) for accomplishing annual targets.

To coach and assist the unions to develop comprehensive performance by combining several techniques or methods of performance management.

To enable them to manage performance through performance indicators appropriate and integrated to its goals.

To develop the appropriate performance measures/indicators for the cooperatives union that would enable to measure each departments/strategic pillars/ achievement.

## Activities:

The agripool team will make some quick assessment of one or two unions on status of their strategic plan and their mechanisms of working on it.

The agripool team shall take the first few days to coach the unions on the general approach towards strategic plan execution. Train the staff how to peel and re-peel a strategic plan, the main strategic themes and cleave them to departments and employees.

Show the trainees the necessary steps needed to be taken in converting the 5 years strategic plan to annual, semi-annual and monthly activities.

Coach them on the general principles, techniques and benefits of developing KPI dashboards. Engage the trainees interactively in the development of their own KPI, through a coaching approach. Beforehand, the agripool team is advised to review the strategic plan of the unions.

The agripools shall make additional planning to revisit (6 months later) the unions for follow up after several months and do the necessary coaching on spot, as required.

## Profiles of Agripoolers

	<b>Profile 1</b>
Knowledge	Knowledgeable on the development of strategy. Knowledgeable on planning and operationalizing plans.
Experience	It is highly preferable that the agripool expert for the mission be someone who has conducted similar mission. With the knowledge of operation and planning. It is an advantage if the Agripool has good financial knowledge and analytical skills.
Competences	Analytical, good coach, operational
Language level	English

	<b>Profile 2</b>
Knowledge	Knowledgeable on the development of strategy. Knowledgeable on KPI Knowledgeable on PDAC Knowledgeable on planning and operationalizing plans.
Experience	It is highly preferable that the agripool expert for the mission be someone who has conducted similar mission. With the knowledge of preparing KPI dashboard. PDAC preparation.
Competences	Analytical, good coach, operational
Language level	English

## Program tentative:

The mission is expected to take 9 working days, excluding reporting time of the agripools, which can also take place after their mission. The most suitable time for the mission is in October (preferably 18-26). A detailed itinerary could be developed, once the agripool are communicated for their suitable time frame.

<u>Date</u>	<u>Activity</u>
Day 1	Travel to Addis Ababa
Day 2	Preparation with local team, Ethiopia
Day 3	Quick assessment of Unions (Rasgayint or Tsehay)
Day 4	Quick assessment of Unions (Rasgayint or Tsehay)
Day 5	Workshop preparation
Day 6	Workshop on strategic plan execution
Day 7	Workshop on strategic plan execution
Day 8	Workshop on KPI Dashboard and PDCA
Day-9	Coaching each union in preparing their own KPI Dashboards
Day 10	Return flight to Addis Ababa

## Expected results:

### 1 -Setting clear priorities from strategic plans

### 2 -Develop Key performance indicators Dashboard

- Identifying the union's key business drivers for reaching their goals,
- find the best way of measuring them and aligning them with KPI dashboard
- Aligning target with each department.
- Implement a monthly dashboard of indicators for monitoring progress.

### **3 -Evaluate the progress of the strategic plan**

- Assign objectives and strategies to departments and have those departments include these elements in their plans and budgets.
- A method/technique to review the status of strategies monthly based on percent complete and likelihood of meeting the scheduled timeframe.
- Review the status of objectives quarterly based on progress to date and likelihood of achieving the target in the timeframe.

### **4 -Coached staff on the execution of strategic plan**

- Leaders have a clear method of cascading strategic plan into achievable steps.

**Note: This agripool mission may not be completed on its own, follow up after several months is still necessary.**