Corporate Management Model

Introduction

The present document sets forth our Corporate Management Model (CMM), seeking to provide the Corporation's Cooperatives with a number of guidelines regarding the way in which to pursue their everyday business management in a manner that is both efficient and consistent with our corporate culture.

We have designed the CMM bearing in mind the Cooperatives that make up the Corporation, and it is applicable to different organisational levels and legal arrangements: Division, Mutual Interest Group, Cooperative, Business Unit, Plants, Associate Companies, etc. It can be customised, adapted or specified according to the context in which it is to be applied.

The Model is designed for each and every person in the Cooperatives. Leaders are to foster its implementation through the appropriate adjustment to the milieu. The Governing Board embraces the content, approves its adaptation to the Cooperative if so required and guarantees its implementation. Following its adjustment, the model is to receive the acceptance and implication of the people in the Cooperative.

The document has the following structure:

Firstly it provides a general framework, the raison d'être of the CMM, what may and may not be expected of it, as well as a background overview of its evolution in recent years.

Following this preamble, the document addresses the actual "Corporate Management Model" itself, providing a general view and describing each one of its dimensions in detail.

The chapter on "Implementation" provides certain guidelines for the effective deployment of the Model in the Cooperatives.

The document concludes with an "Assessment" chapter that deals with a corporate tool linked to the actual Model itself, which allows for the progress made in implementation to be evaluated, and thereby introduce improvement actions accordingly.

The upper part of each page presents an illustration, or a list of concepts, whose numbering has no significance in terms of order of priority, but rather simply serves to relate them to the texts on the lower part of the page.
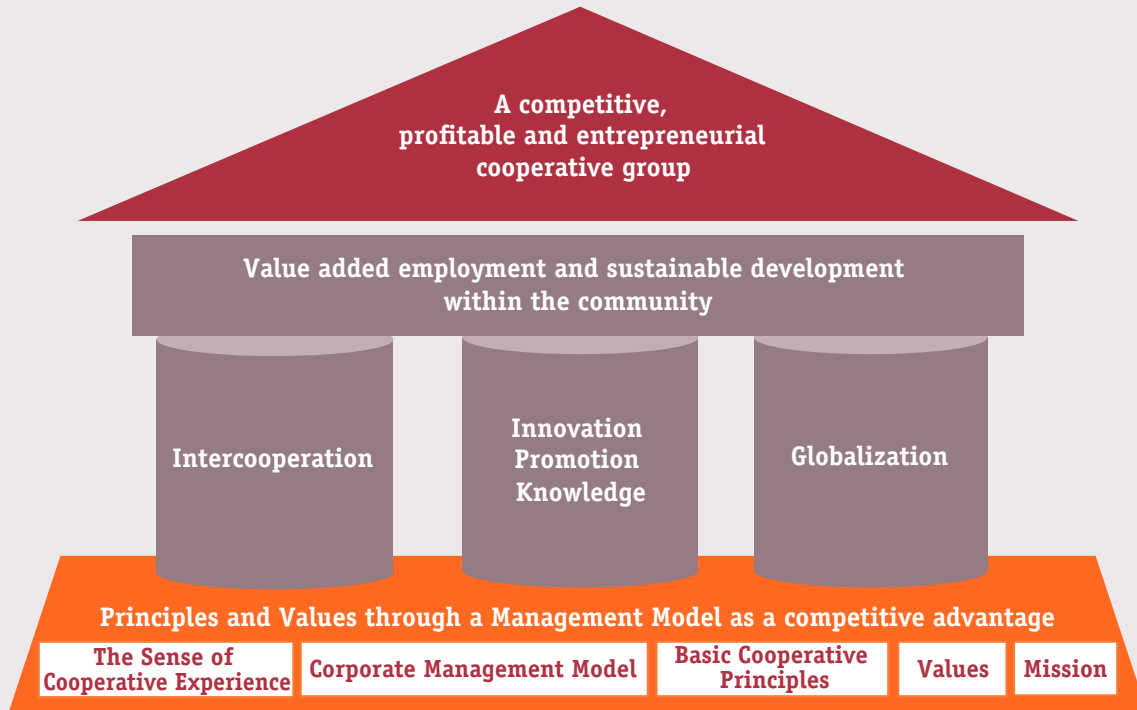
The MONDRAGON Mission

MONDRAGON Corporación Cooperativa or the MONDRAGON Co-operative Corporation is a business-based socioeconomic initiative with deep roots in the Basque Country, created for and by people and inspired by the Basic Principles of our Co-operative Experience. It is firmly committed to the environment, competitive improvement and customer satisfaction in order to generate wealth in society through business development and the creation of preferably co-operative, employment, which:

- Is based on a firm commitment to solidarity and uses democratic methods for organisation and management.

- Fosters participation and the involvement of people in the management, profits and ownership of their companies, developing a shared project which unites social, business and personal progress.

- Fosters training and innovation through the development of human and technological skills,

- **Applying its own Management Model aimed at helping companies to become market leaders and fostering Co-operation.**

The Mission presented on this page was approved by the 7th Congress held on 26 May 1999, and remains in force to this day.

One of the Corporation's differentiating features, as contained within the MONDRAGON Mission itself, is that it applies its own Management Model. Our aim in this document is to reaffirm this aspect of the Mission, providing a reference point for the Cooperatives that make up the Corporation.

The MONDRAGON Vision

A competitive, profitable and entrepreneurial cooperative group

Value added employment and sustainable development within the community

Intercooperation	Innovation Promotion Knowledge	Globalization

Principles and Values through a Management Model as a competitive advantage

The Sense of Cooperative Experience	Corporate Management Model	Basic Cooperative Principles	Values	Mission

The Corporate Vision was approved by the Congress held on 28 September 2011, with the following statement:

"We shall transform our business structure by driving today's deliverables to be of a greater worth and by advancing new operations in high value added sectors, based on the strengths of Inter-cooperation and Innovation-Promotion-Knowledge and the opportunities of Globalization, adapting and reinforcing our corporate identity through our **own Management Model"**.

All this will be upheld by our Principles and Values, exercised through our **own Management Model**, the implementation of which constitutes a commitment to sustainability and a **competitive differential** that reinforces our identity in a globalised market.

The Corporate Management Model is therefore one of the mainstays for the achievement of the Corporate Vision.

Evolution

- Initial edition in 1996, deeply rooted in Total Quality Models. Assessment with EFQM tool.

- Between 1997 and 2000, development of a large number of tools providing methodologies for the implementation of specific aspects.

- An in-depth review is carried out in 2002, with the tools being replaced by the dynamics of Good Corporate Practices.

- A further in-depth review is conducted in 2007 to achieve a model that is embedded more in MONDRAGON's culture, with its own associated measurement tool.

- The self-assessment tool is updated in 2010, increasing the number and requirements of the minimum markers.

- The Corporate Vision is incorporated in 2012 and the design of the Dimension of Socio-Entrepreneurial Results is adjusted.

- We published the first Corporate Management Model in 1996, in an attempt to open up the cooperative arena to the dynamics of management excellence prevailing at the time. The models of Total Quality and, specifically, the EFQM were a major referent.

- In the years following the Model's publication, as a complement to it and in response to a request from senior management in the Cooperatives, we developed a large number of corporate tools that provided specific methodologies for the application of specific aspects: measuring customer satisfaction, gauging people satisfaction, processes, the deployment of objectives, the control panel, EFQM self-assessment, etc.

- Subsequently, after an assessment of the level of knowledge and usage regarding the Model and its associated tools, in 2002 we set about updating it and replacing the corporate tools by way of launching a process for identifying, validating and disseminating Good Practices for application in specific aspects of the Model in the Cooperatives.

- The year 2007 witnessed the conclusion of an in-depth review project involving a large number of people and collating the contributions made by the Cooperatives in the design stage.

The target outcomes were to make the Model more consistent with MONDRAGON's culture and develop its own assessment tool.

- The self-assessment tool was brought up to date in 2010, including new sub-sections in Excellent Company, new minimum markers and a new draft of existing ones.

- In 2012, an analysis was made of the impact of 2013-2016 Corporate Business Policy, with the inclusion of Corporate Vision and a redesign of the Dimension of Corporate Business Results, rearranging the indicators prompted by the Challenge and the Five Associated Strategies.

Why do we need a Corporate Management Model?

- To foster the development of business management dynamics consistent with the Basic Cooperative Principles.

- To help increase the business competitiveness of the Cooperatives.

- To make our cooperative management style a mark of identity that generates a feeling of belonging, paving the way for inter-cooperation and helping to optimise synergies at corporate level.

- We have identified the Basic Cooperative Principles (BCP), as the point of departure, on the understanding that as a whole they define the specificities of our cooperative culture. The actual method used for designing the Model has been based on identifying the key vectors of management, seeking to further guidelines in each one of them regarding the most efficient way in which the BCP can be implemented.

- We have not embraced a Corporate Management Model as an aesthetic or academic exercise, but rather because we understand that its implementation will help to make the Cooperatives more competitive in their operating markets.

- Having a shared referent at corporate level will undoubtedly help us to introduce greater harmony in management styles, although obviously not seeking uniformity, as each Cooperative has its own microclimate with its idiosyncrasies to be upheld and even reinforced. This harmony of styles will clear the ground for dialogue between people from different Cooperatives, increasing the scope for identifying and developing existing synergies.

What is a Corporate Management Model not?

■ A Congressional Rule with a detailed list of articles.

■ A detailed tool with specific operating procedures.

■ A magic potion that guarantees business success.

■ A socio-corporate policy for a strategic period.

■ A mechanism for the review of the Basic Cooperative Principles.

We expect the Corporate Management Model (CMM) to make a major contribution to those aspects detailed on the previous page, yet we should not harbour false expectations, given that:

- It is not an approved Congressional Rule, nor a detailed instrument that is going to point to the specific actions to be undertaken. Each Cooperative has to interpret it, adapt it to its milieu and provide its own approach to its application.

- Although the CMM's implementation will help to increase the competitiveness of Cooperatives, it is not an assurance of the project's ongoing success, as this depends on myriad factors, which are difficult to predict in general terms.

- Every four years, we issue a Socio-corporate Policy that provides criteria for defining each Cooperative's strategic positioning in line with the Corporation as a whole. The CMM is of a more atemporal nature and provides certain guidelines regarding the manner in which this referent should be considered when adopting the strategic approach.

- The CMM does not question the Basic Cooperative Principles; instead, it takes them as the point of departure and develops the way in which they are implemented in day-to-day management.
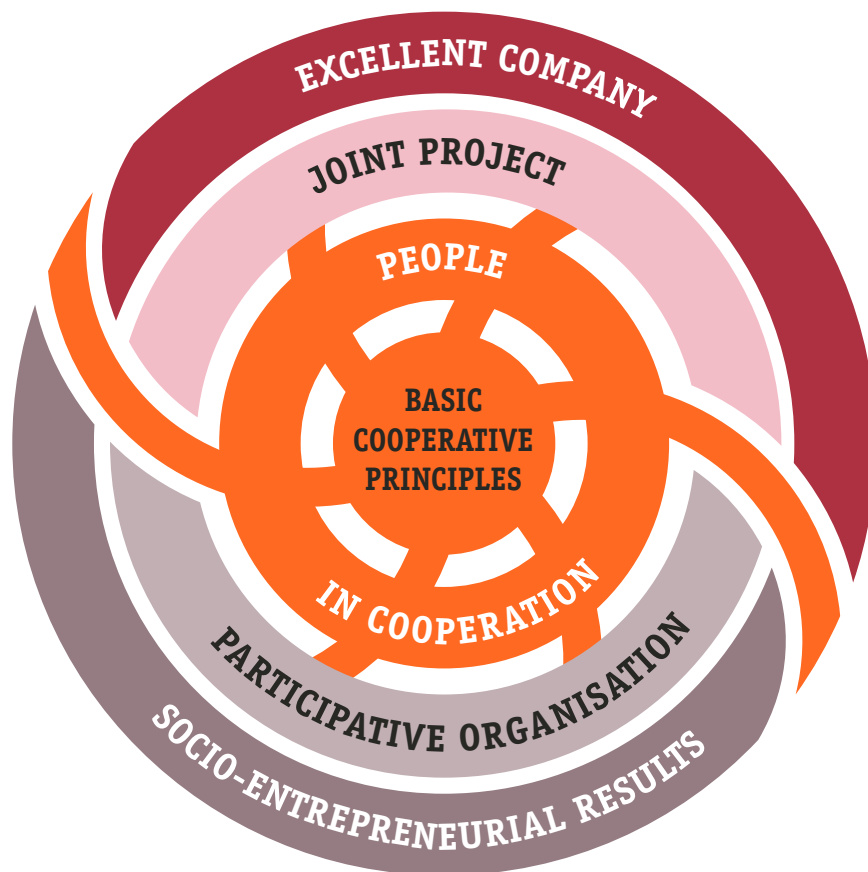
Corporate Management Model

We can depict the Corporate Management Model (CMM) in the form of a circular arrangement that is continuously rotating, thereby illustrating the interrelation between the various concepts it contains and the dynamism its implementation and continuous adaptation require.

In the centre of the arrangement, and as the point of departure, there are the **Basic Cooperative Principles**, which provide the **People in Cooperation** with procedural guidelines for implementing the Cooperative's values. These are the people who build a **Joint Project** and embrace **Participative Organisation** in order to undertake it.

Yet this project is undertaken within a context of market and product, with customers, suppliers, partners, etc., within the same business environment as its competitors. Although the actual cooperative format itself provides us with clear advantages in the application of today's most advanced management concepts, these have to be implemented in order to become an **Excellent Company**.

The results forthcoming are the main fulcrum of control regarding the efficiency of the CMM's application. There are no excellent companies with poor results. It is therefore essential to avail ourselves of the right control panel, selecting relevant indicators to verify whether we are obtaining good **Socio-entrepreneurial Results**.

The following pages develop each one of these Dimensions of the CMM, which have their own individual identity whilst remaining closely inter-related.
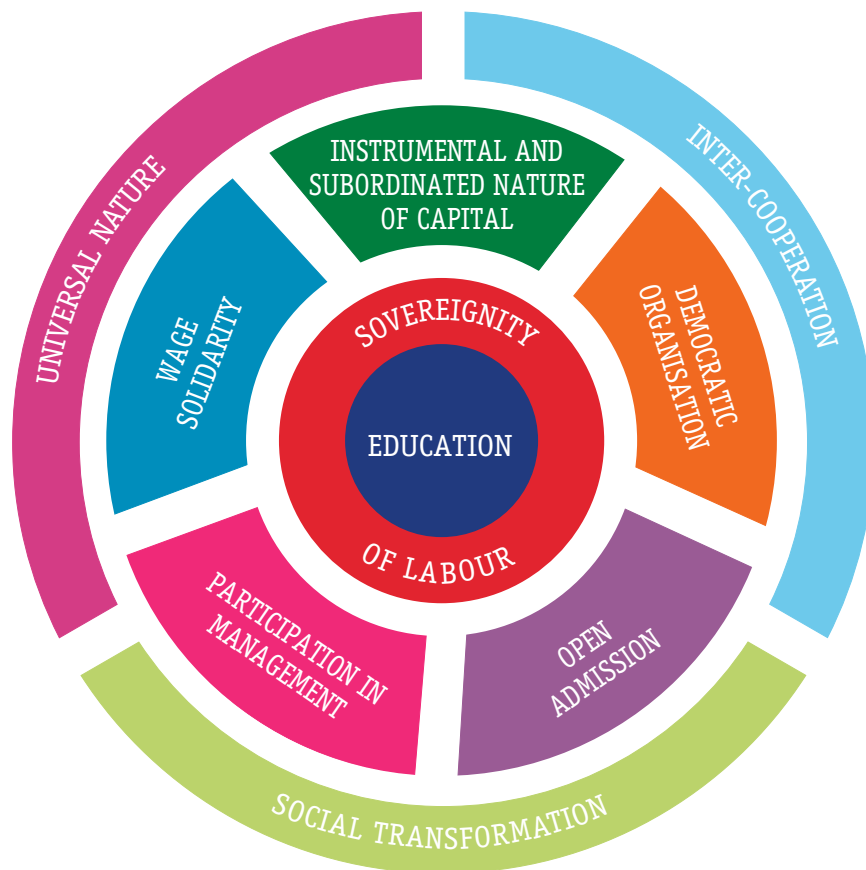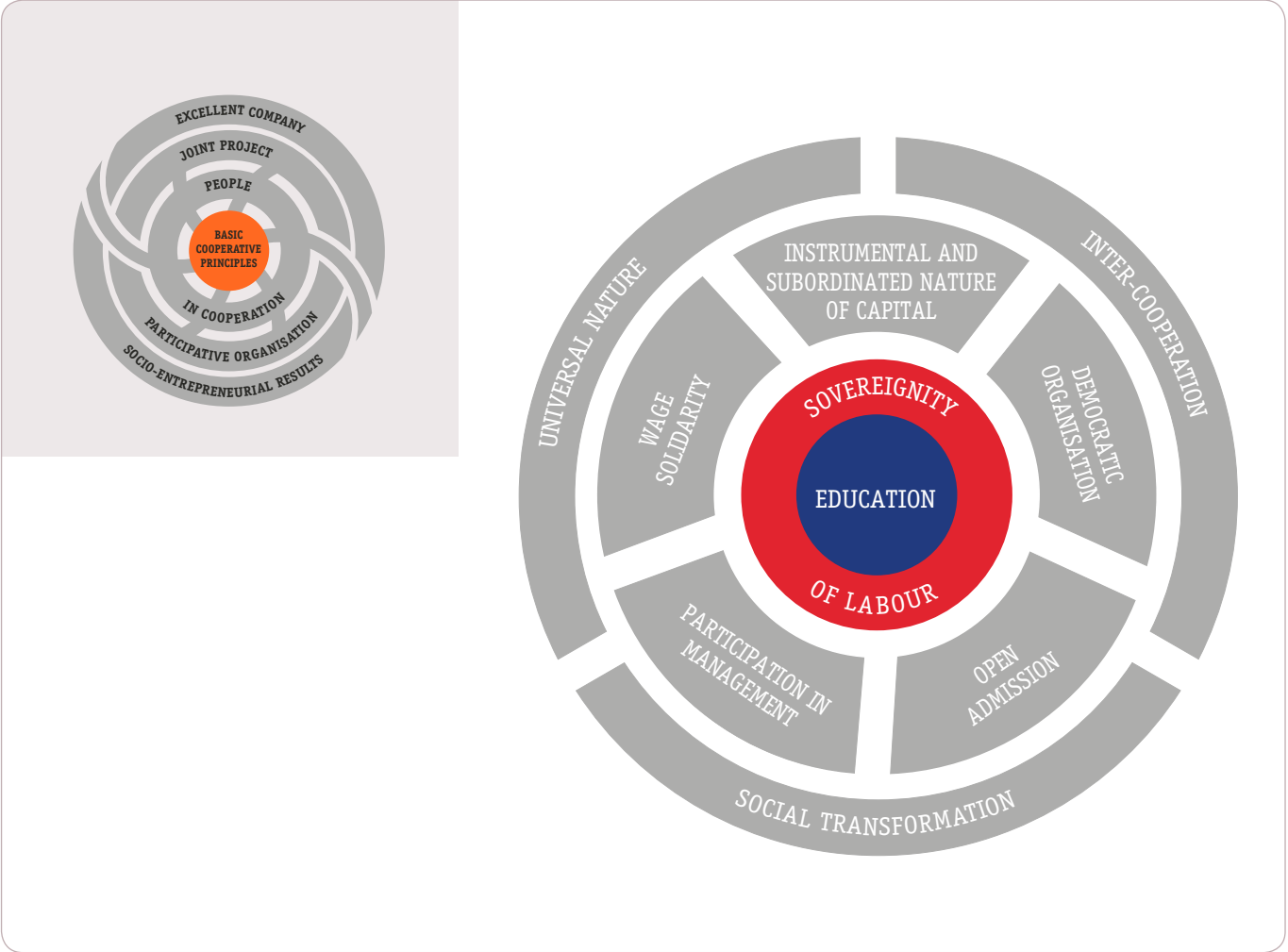
Basic Cooperative Principles

The illustration features the 10 Basic Cooperative Principles currently in force. The depiction makes no attempt to apply a criterion of priority, but rather sets out to establish some form of inter-relation between them:

The core is occupied by **EDUCATION** as the basic mainstream principle that feeds and feeds off all the others, and the **SOVEREIGNTY OF LABOUR**, which is shielded by the other five principles of an internal nature in each individual Cooperative: **INSTRUMENTAL AND SUBORDINATED NATURE OF CAPITAL, DEMOCRATIC ORGANISATION, OPEN ADMISSION, PARTICIPATION IN MANAGEMENT AND WAGE SOLIDARITY.**

The outer ring features the three principles that are related to the Cooperatives external projection: **INTER-COOPERATION, SOCIAL TRANSFORMATION AND UNIVERSAL NATURE.**

The following three pages present the full texts explaining these principles that were approved at the 1st Cooperative Congress on 2 and 3 October 1987.

EDUCATION:

The Mondragón Co-operative Experience declares that in order to implement the aforementioned principles it is essential to dedicate sufficient human and economic resources to different aspects of Education.

a) Co-operative, for all members appointed to management bodies.
b) Professional, especially for members appointed to management bodies.
c) young people, in general, to promote the emergence of men and women co-operators, capable of consolidating and developing the Experience.

SOVEREIGNTY OF LABOUR:

The Mondragón Co-operative Experience considers Labour to be the principal force in the transformation of nature, of society and of human beings themselves; and therefore:

a) Renounces the systematic contracting of salaried employees.
b) Grants Labour full sovereignty in the organisation of the co-operative enterprise.

c) Considers that Labour deserves to be the first and foremost recipient of the wealth produced by the enterprise.
d) Manifests its willingness to extend job opportunities to all members of society.
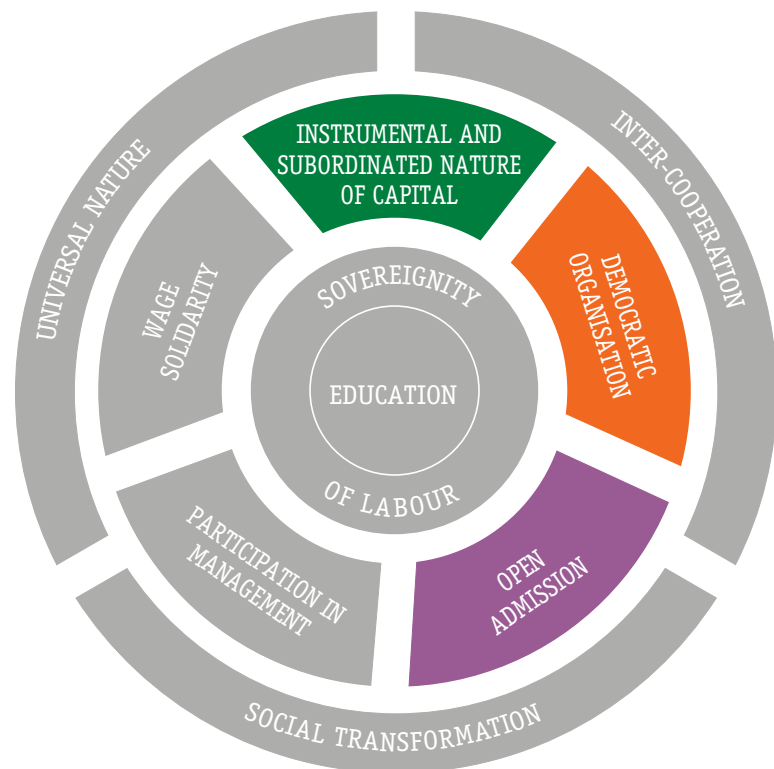
INSTRUMENTAL AND SUBORDINATED NATURE OF CAPITAL:

The Mondragón Co-operative Experience considers Capital to be an instrument subordinated to Labour, which is necessary for business development, and therefore merits:

a) A remuneration that is:
- Fair, in relation to the effort involved in its accumulation.
- Adequate, to permit the assignment of the necessary resources.
- Limited in amount, through the corresponding regulations.
- An assurance of equilibrium in the allocation to labour and to capital with respect to the earnings generated.

b) An availability subordinated to the continuity and development of the cooperative, and hence does not impede the effective application of the principle of open admission.

DEMOCRATIC ORGANISATION:

The Mondragón Co-operative Experience declares all its worker-members to be equal in their rights to knowledge, property and self-development; an equality that implies a democratic enterprise structure based on:

a) The sovereignty of the General Meeting, composed of all the members, in which this sovereignty is exercised on the basis of "one person, one vote".

b) The democratic election of governing bodies, and in particular, the Board of Directors, which is accountable for its actions to the General Meeting.

c) Collaboration with the management bodies designated to operate the company, by delegation of the membership as a whole. These bodies shall be endowed with sufficient powers to be able to carry out their tasks effectively for the common good.

OPEN ADMISSION:

The Mondragón Co-operative Experience is open to all men and women who accept these Basic Principles and prove themselves professionally suitable for the jobs that may be available.

There shall, therefore, be no discrimination whatsoever on religious, political, racial or gender grounds in the attainment of membership status. The only requirement shall be respect for the postulates of the Cooperative Experience's internal constitution.

Open admission shall be the principle governing all actions and interpersonal relations related to cooperative development.
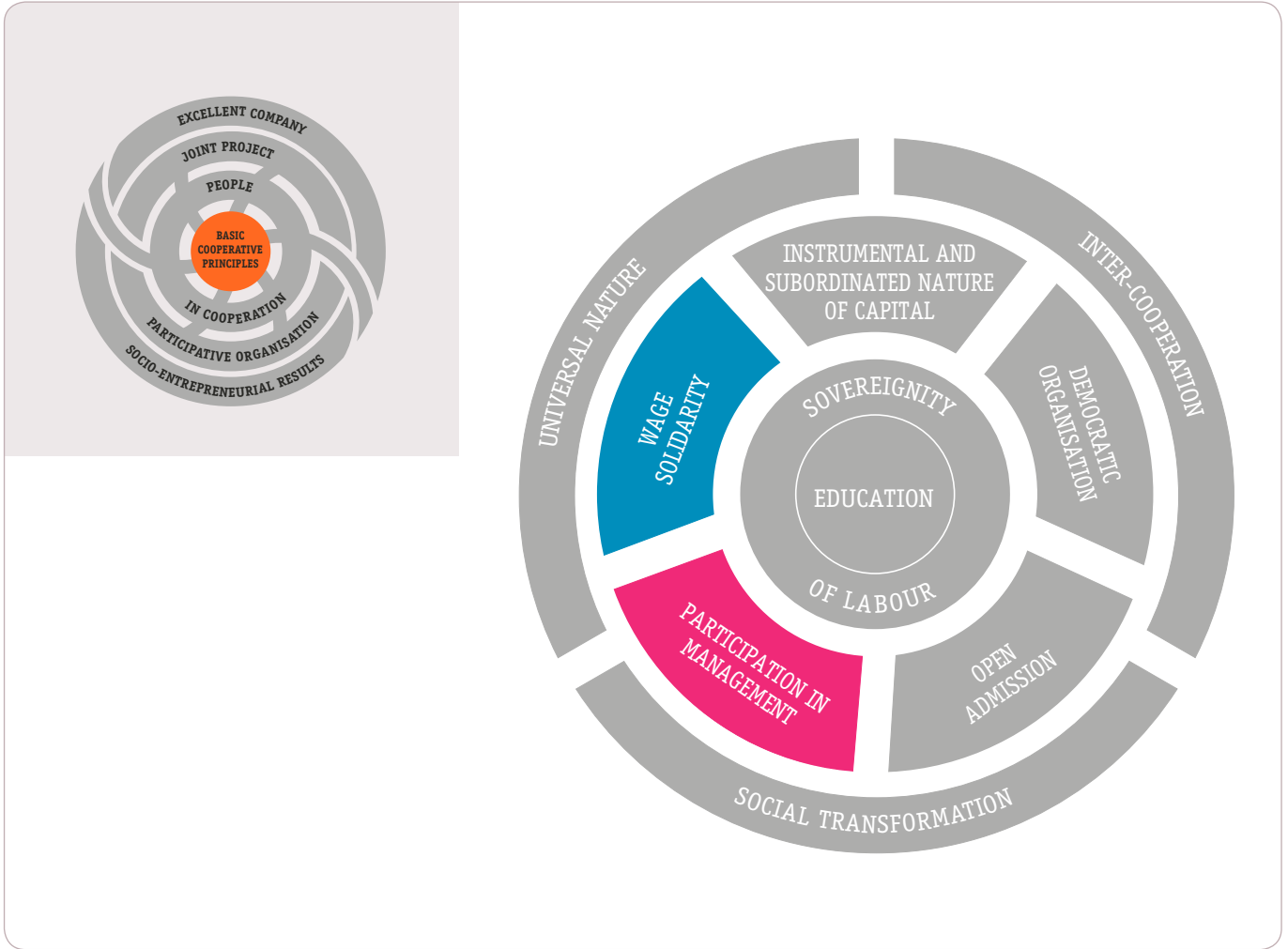
PARTICIPATION IN MANAGEMENT:

The Mondragón Co-operative Experience believes that the democratic nature of a Co-operative is not limited to the membership side, but also involves the progressive development of self-management and, therefore, the participation of members in business management, which, in turn, requires:

a) The development of suitable mechanisms and channels for participation.
b) Transparent information concerning the performance of the basic management variables of the Co-operative.
c) The use of methods of consultation and negotiation with worker-members and their social representatives in those economic, organisational and labour decisions that concern or affect them.
d) The systematic application of social and professional training plans for members.
e) The establishment of internal promotion as the basic means for covering jobs involving greater professional responsibility.

WAGE SOLIDARITY:

The Mondragón Co-operative Experience declares sufficient payment based on solidarity to be a basic principle of its management, based on a permanent vocation for collective social promotion, expressed in the following terms:

a) Sufficient, in accordance with the real possibilities of the co-operative.
b) Solidarity, brought to fruition:
   • Internally, through the creation of a remuneration framework based on solidarity.
   • Externally, based on the criterion that internal remuneration should be in line with that of salaried employees in the same sector and, where appropriate, in the same geographical area that the co-operative operates in, unless it is manifestly insufficient.
   • At the MONDRAGON level, with the existence of a labour framework based on solidarity in terms of both payment and annual work hours for all the co-operatives in the corporation.
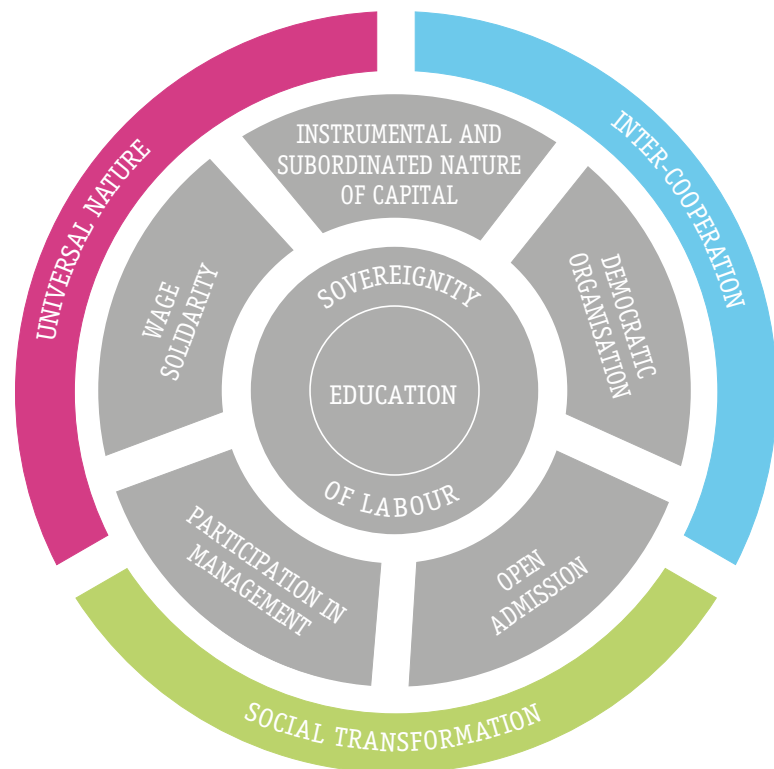
INTER-COOPERATION:

The Mondragón Co-operative Experience considers that, as a specific application of solidarity and a requirement for business efficiency, the principle of co-operation among co-operatives should be apparent:

a) Among co-operatives on an individual basis, through the setting up of Groupings aimed at creating an homogeneous system of work rules and regulations, including the pooling of profits, the regulation of transfers of worker-members and the search for potential synergies deriving from their combined size.

b) Among Groupings, by means of the setting up and democratic management, for the common good, of suprastructure entities and bodies.

c) Between the Mondragón Co-operative Experience and other Basque co-operative organisations, in order to promote the Basque Co-operative Movement.

d) With other co-operative movements in Spain, Europe and the rest of the world, by reaching agreements and establishing joint bodies aimed at promoting joint development.

SOCIAL TRANSFORMATION:

The Mondragón Co-operative Experience declares its commitment to social transformation in solidarity with that of other countries, through its activities in the Basque region in a process of expansion in order to collaborate in its economic and social reconstruction and the building of a freer, fairer and more supportive Basque society, by means of:

a) The reinvestment of the majority of the net surplus obtained, with a significant proportion earmarked for funds of a community nature, in order to create new co-operative jobs.

b) Support for community development initiatives, by means of the application of the Education and Co-operative Promotion Fund.

c) A social security policy in keeping with the co-operative system, based on solidarity and responsibility.

d) Co-operation with other Basque institutions of an economic and social nature, especially those promoted by the Basque working class.

e) Collaboration to revitalise Basque as the national language and, in general, the characteristic elements of Basque culture.
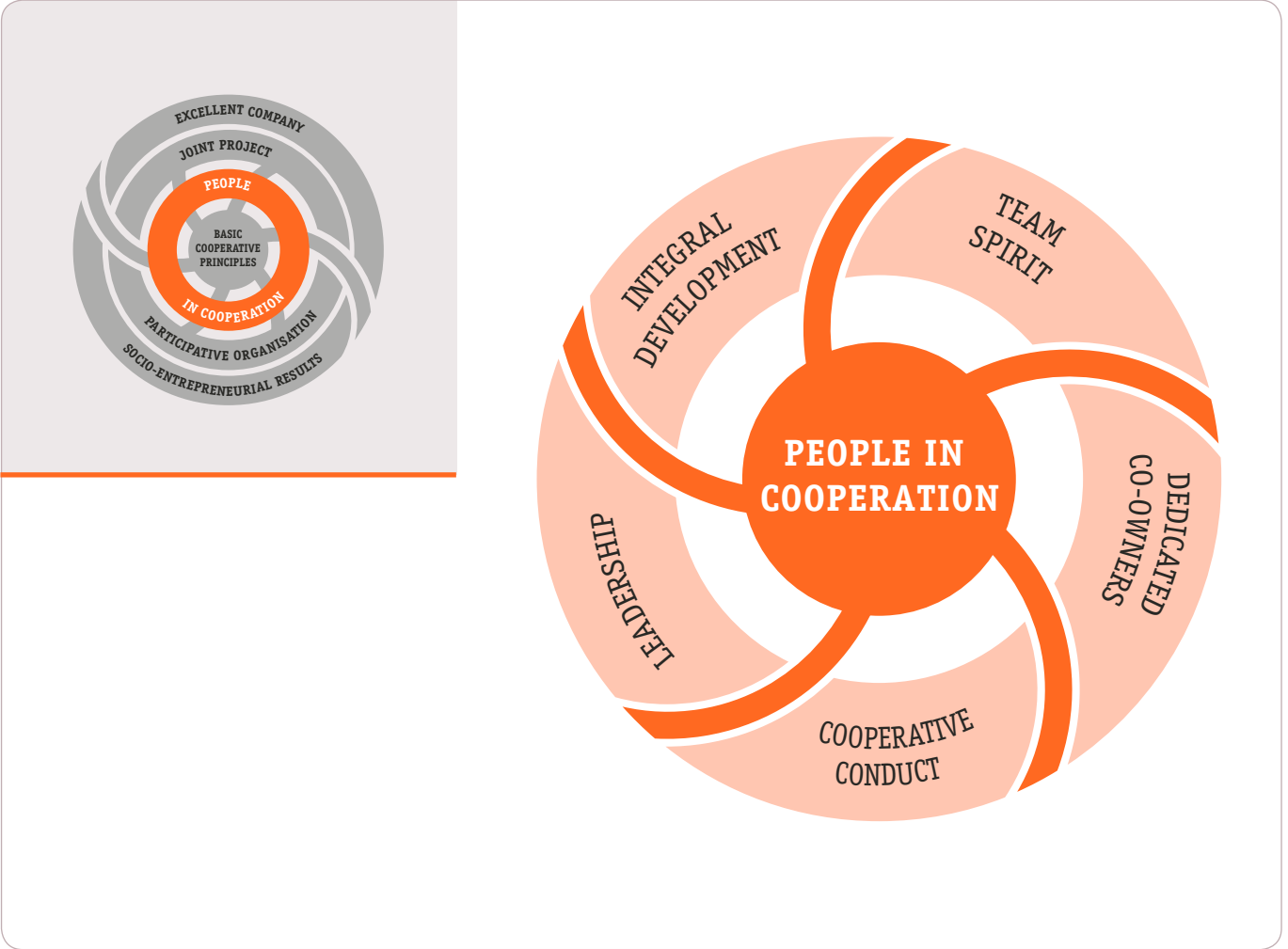
UNIVERSAL NATURE:

The Mondragón Co-operative Experience, as an expression of its universal vocation, declares its solidarity with all those who work for economic democracy in the sphere of the "Social Economy", echoing the objectives of Peace, Justice and Development of the International Co-operative Movement.

People in Cooperation

People are the main protagonists of the Cooperative Management Model, yet they are not looked upon as a passive element that needs to be satisfied, but rather as working as a team, cooperating with each other, with a **Team Spirit** of belonging, acting as enterprising business men and women. In other words, they are **Dedicated Co-owners**, not only with cooperative ideas, but also with the **Cooperative Conduct** that upholds them, who exercise **Leadership** in their milieu, and who aspire to **Integral Development** through personal and professional growth.
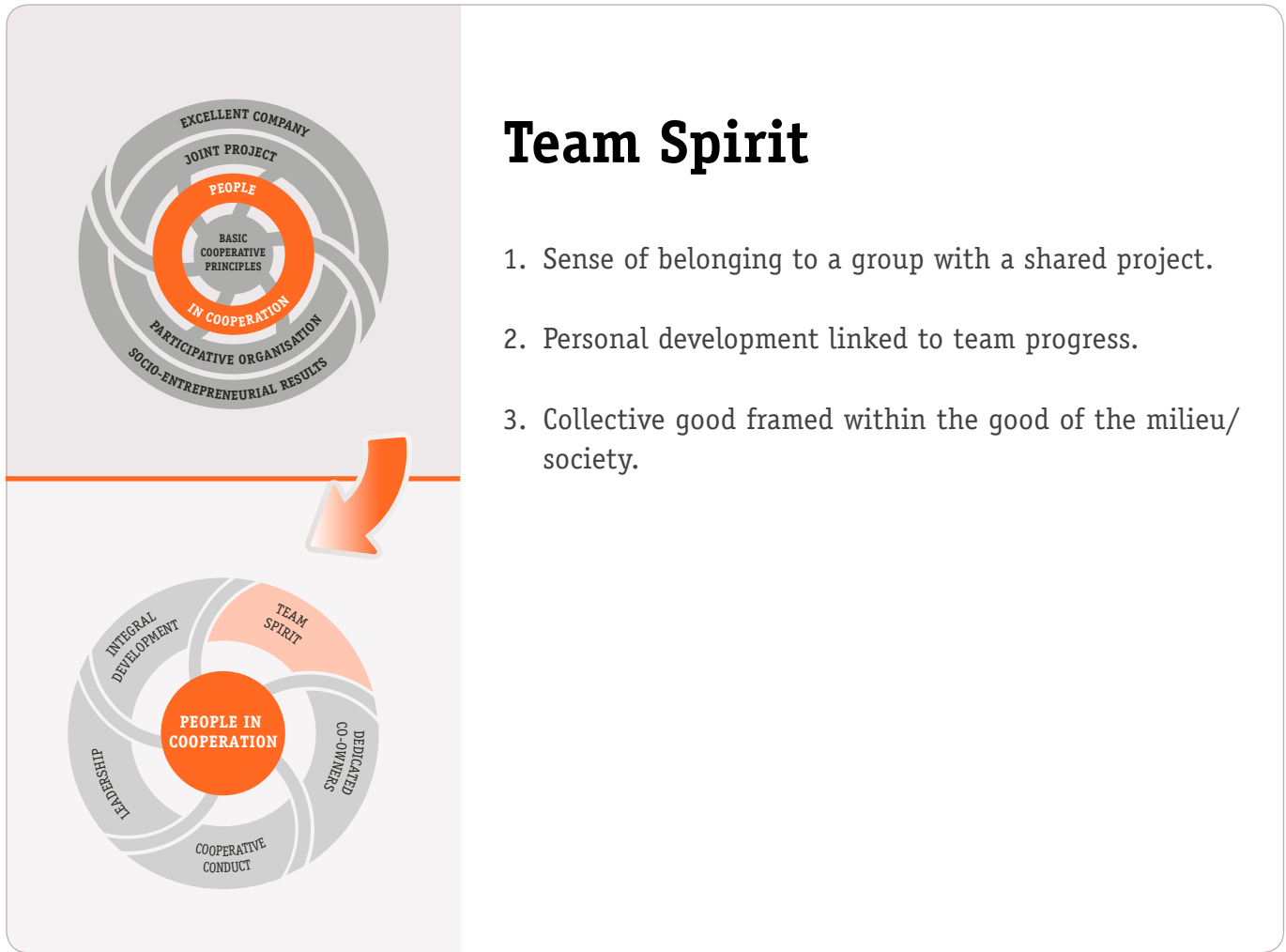
Team Spirit

1. Sense of belonging to a group with a shared project.

2. Personal development linked to team progress.

3. Collective good framed within the good of the milieu/society.

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1. By means of the corresponding induction processes, we have to ensure that the people who join us see the Cooperative as a receptacle of certain values, with a mission and a shared project that they will make their own. The people who join a team need to know and understand the interaction amongst its members, their own personal responsibility and their contribution to the common project. Shared Principles and Values, each individual's particular traits and the desire to progress generate a team identity that will shape the Cooperative's overall identity.

2. The closest interests are those of a personal nature and they must keep in step with the possibilities of collective progress. A shared project is a nexus of union between personal aspirations and those of the Cooperative. People should therefore be aware of the possible paths for personal development and the position they occupy within the shared project, as well as the way of accessing them and the obstacles to be overcome.

3. The Cooperative is not an island within its milieu / society, as it feeds off it and its fruits are ploughed back into it. The Cooperative, people, should feel part of a broader reality, and thereby make the most of the socio-economic possibilities their environment provides for the development of their own project, in harmony with the development of the society in which it is embedded.
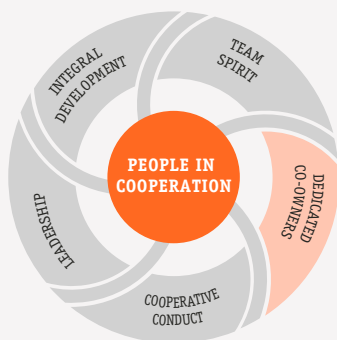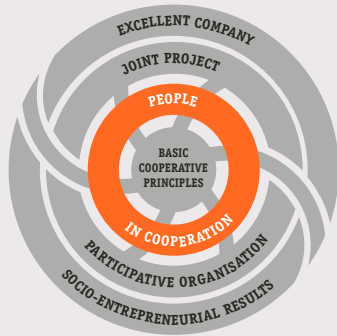
Dedicated Co-owners

1. Owners of their own labour and its fruits.

2. Enterprising people building a future.

3. Hands-on role in the definition of the project.

4. Responsibility in the development of the project.

5. Personal involvement in its implementation.

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1. The provision of labour includes the right to sovereignty and ownership of both it and its fruits, which implies the duty and need to exercise it. We should ensure that people assume this ownership of their labour, understanding that the results obtained are related to their performance, thereby giving meaning to personal contribution.

2. The Cooperative needs to create the right setting for encouraging enterprising people not to be satisfied with today's achievements, but rather to think ahead and strive to shape an ambitious future.

3. The Cooperative's project for the future needs to seek the alignment of all areas, teams and individuals. To do so, we need to urge people to adopt a hands-on approach to the provision of their skills and to the adjustment of individual plans to the collective project.

4. The joint project's aims and strategies will be embraced by both teams and individuals, making them take responsibility for their development and achievement.

5. The commitment must first be made by each individual, whereupon it will become shared and collective. Each individual needs to be aware of the part they play in the project and of their responsibility; this will lead to their active engagement.
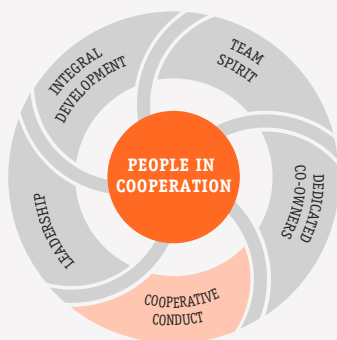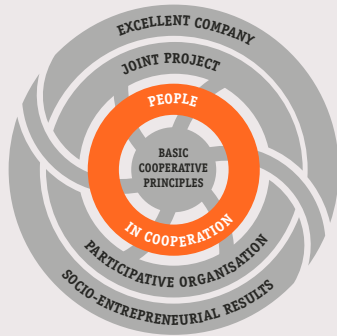
Cooperative Conduct

Assumption of BCPs as procedural guidelines, and specifically:

1. Active involvement in governing bodies.

2. Personal engagement in management.

3. Assumption and pursuit of wage solidarity.

4. Sharing knowledge and experiences.

5. Conveyance of a cooperative spirit in both internal and external personal relations.

The Cooperative is based on the assumption of the Basic Cooperative Principles (BCPs) as common procedural guidelines. All its members familiarise themselves with them prior to attaining their status as such and subsequently uphold them in a responsible manner.

1. In order to ensure that the Cooperative's governing bodies and the exercising of their duties are truly democratic, we have to encourage members to take part in their election, hold office in them, become actively involved in the communications network and in the decision-making process as befits a system of labour engagement and sovereignty.

2. The provision of labour in a shared project is an entitlement and obligation for personal implication in the direct management of one's immediate surroundings and for participating in a structured and efficient manner in the most accessible parts of the joint project. We have to ensure that members fulfil this duty in a proper manner.

3. Individual wages are the result of collective work, related to the business result obtained. Members should accept that this fruit of their labour is shared out taking into account the

work contributed, individual equality and their basic needs. The Cooperative seeks to ensure that wages are equal to or higher than its environment for the lower income brackets in the Cooperative, with growing solidarity as these increase.

4. Knowledge allows for distinguishing and using abilities for both individual and collective advancement. Sharing information and knowledge lies at the heart of the democratic process, management participation, innovation... of inter-cooperation between different groups, and the Cooperative should therefore provide mechanisms accordingly and members should use them properly.

5. Individual and collective conduct in keeping with the Basic Cooperative Principles and the pride of belonging irradiate a cooperative spirit both inwardly and outwardly within the Cooperative. Members should act in consequence of this spirit in their personal relations both inside and outside the Cooperative.
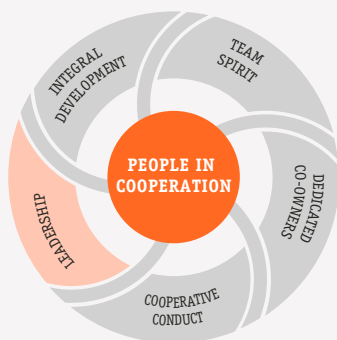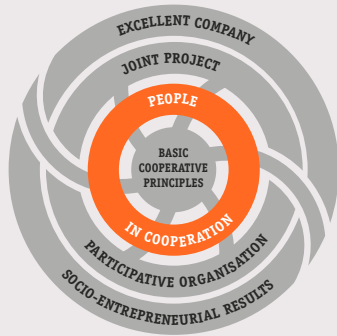
Leaders

1. All those with team responsibility exercise leadership.

2. Shared and extended leadership.

3. Profile of a cooperative leader:

   - Committed to the cooperative values.
   - Generates a shared vision.
   - Conveys a positive attitude.
   - Furthers the development of people and teams.
   - Open to change and innovation.
   - Focuses on success.
   - Honest.

1. The exercising of leadership is vital and essential in all those persons with coordination duties. Firstly, there are senior executives, whose position requires them to act as standard bearers and foster the development of leadership throughout the Cooperative as a whole. Likewise, all team supervisors, regardless of the nature of the same, are to act as leaders.

2. Conveying pride in belonging, consolidating the team, driving change… are different facets of leadership in general, even for those who are not senior executives or team leaders. All members should be mentors of their own individual contribution to the progress of the team they belong to; and many should be seen by others as leaders of opinion in the cooperative endeavour. All members will thus be perceived as leaders by people within their milieu; everyone will look up to people who lead by example and pull their weight in numerous directions in keeping with the Cooperative spirit.

3. Leaders must be able to generate a work climate that encourages people to engage with their cooperative's project. They will achieve this by leading their team by example; that is, by implementing the conduct linked to the profile described. It is their responsibility to uphold an approach that involves the review, adjustment and continuous improvement of their performance. Consistent with the profile of cooperative leader, they should endeavour to be a beacon of cooperative conduct, generate a shared vision in their team, convey a positive attitude and enthusiasm for the project, nurture their reports and foster teamwork, promote innovation through their receptiveness to personal change, be demanding in upholding their own and their reports' commitments and act in an honest manner.
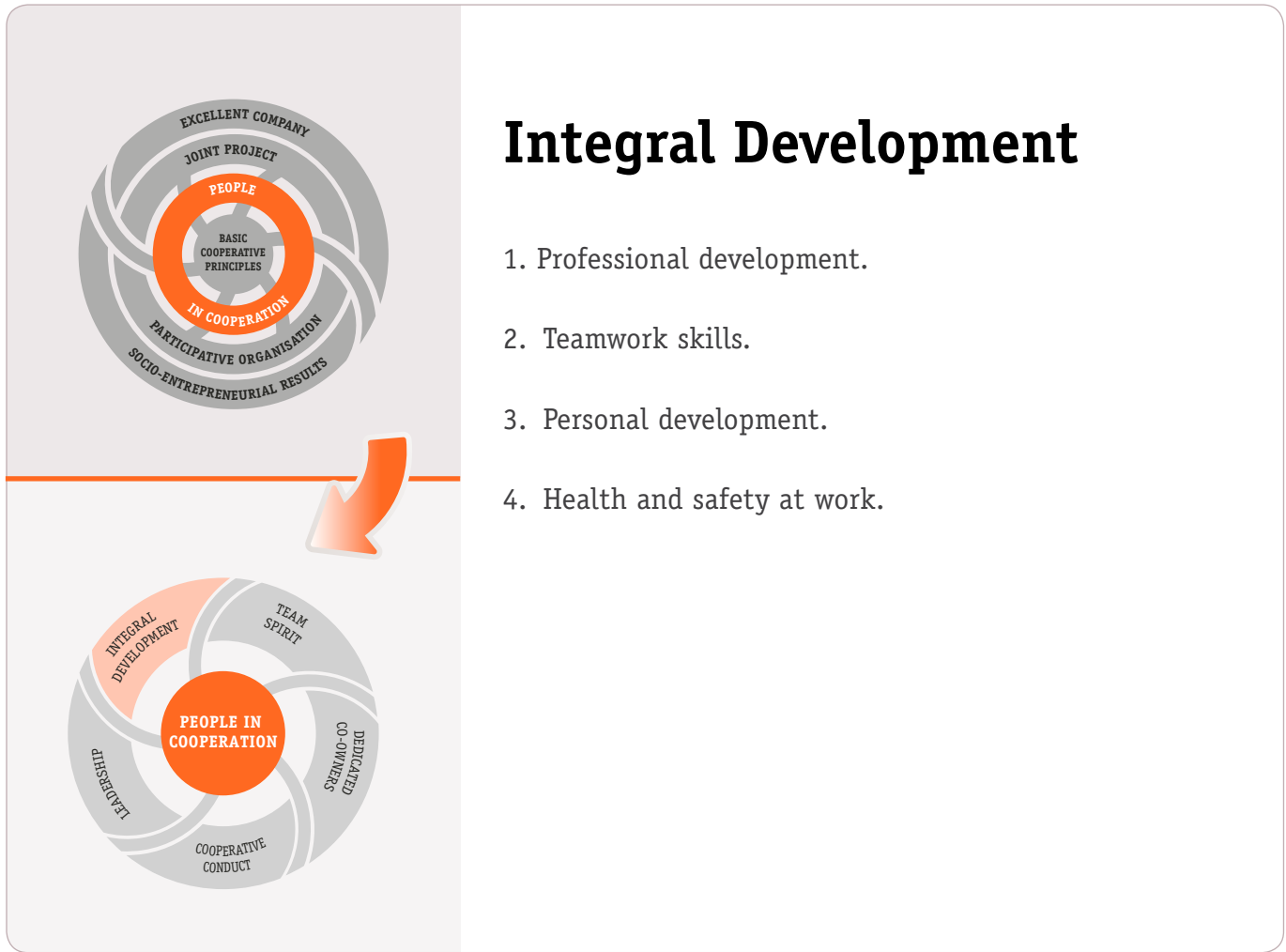
Integral Development

1. Professional development.

2. Teamwork skills.

3. Personal development.

4. Health and safety at work.

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1. Besides conducting themselves in a cooperative manner, a member should be a good professional with an attitude of permanent advancement. They should recognise and exploit the opportunities provided by the Cooperative to grow in the specific competencies that the performance of their duties requires at any given moment, seeking and accepting polyvalence, being ready for and receptive to horizontal mobility and involvement in working parties.

2. People have to know or learn how to work as a team, as a natural way of cooperating at all levels and in every sphere, and being willing to share, exchange and draw on knowledge and experiences in all those directions that benefit the Cooperative. Integral development requires commitment, willingness and skill to make the most of what others and oneself can contribute. All members should cultivate skills in order to achieve a style of relationship based on talking and listening.

3. The Cooperative needs the involvement of upright individuals, who in addition to their professional expertise contribute their personal qualities. Both the Cooperative and the individual should strive unceasingly to make such progress

possible. Personal development also requires reconciling work and home life, which means there is a need to adopt the appropriate flexibility to harmonise individual needs and interests with those of the Cooperative.

4. The individual is always the Cooperative's cornerstone and focus; their safety and their industrial health are assured in the pursuit of their duties. The Cooperative has to give full priority to the achievement of this safety and the individual has to observe the rules laid down and take part in their improvement.
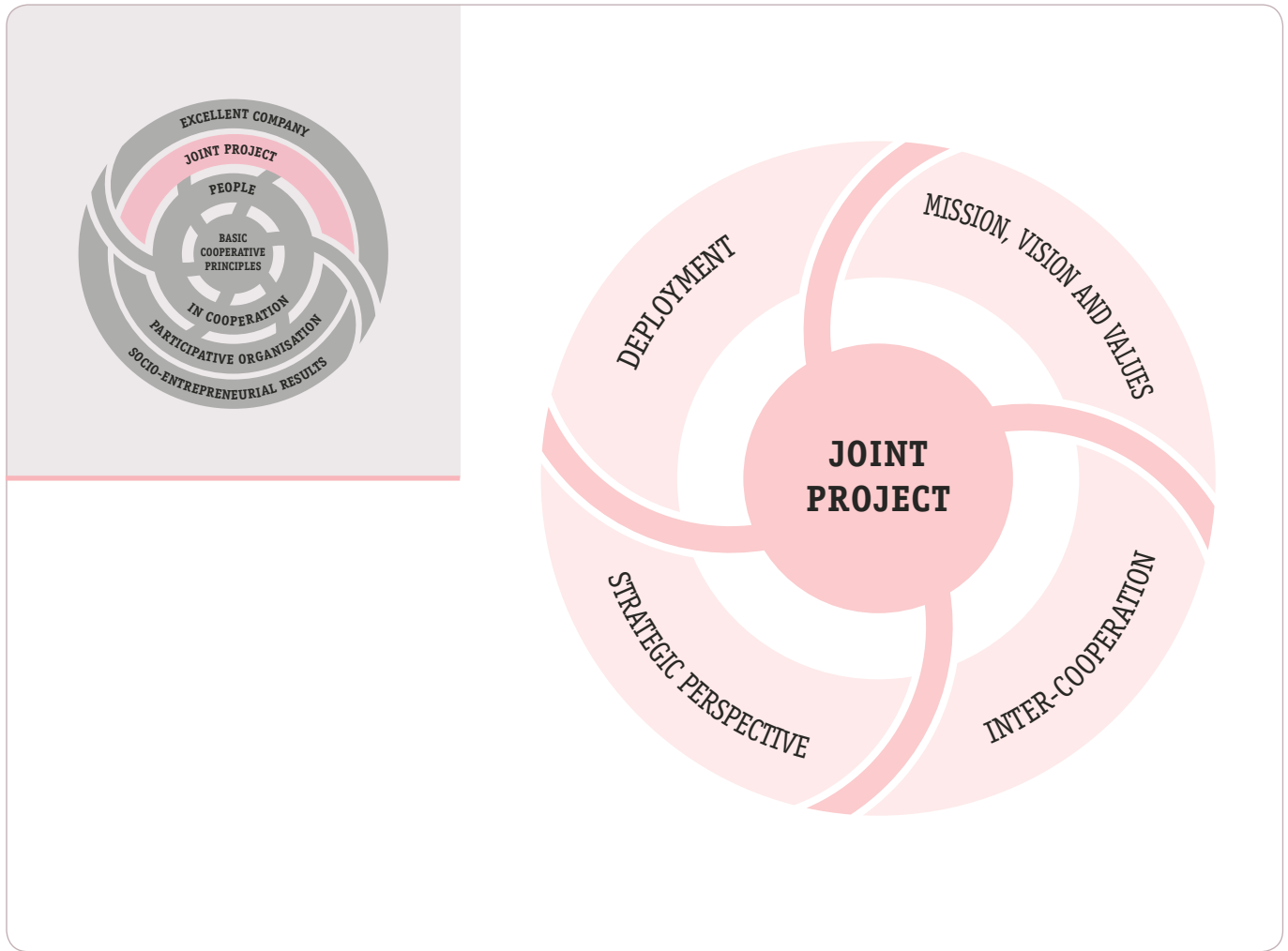
Joint Project

The project is the common ground where people pursue cooperation.

Firstly, there is a need to share a **Mission**, a raison d'être, a **Vision**, a desirable future and shared **Values**.

Being part of a Division and of the Corporation permits the Cooperative to access guidelines, experiences and actions that it must exploit to the utmost, developing the possibilities provided by **Inter-cooperation**.

These items are required to define the **Strategic Perspective** that sets the medium-term course for the maximum exploitation of our strengths and opportunities.

There is a need to proceed with the **Deployment** of this overriding approach, on the one hand, by applying it to each area and thereby ensuring that each individual and team perceives their contribution to the project, and on the other hand, and in the short term, through the Annual Plan and its monthly monitoring.
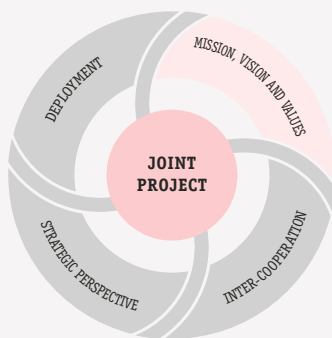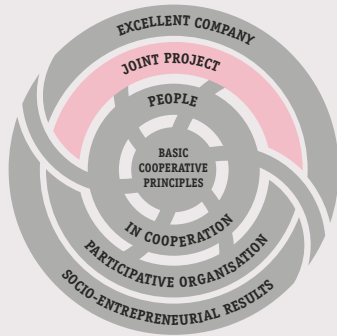
Mission, Vision and Values

Shared culture:

1. Mission: Raison d'être.

2. Vision: Desirable and attainable future.

3. Values: Basic beliefs.
   - Corporate Values:
     - Cooperation.
     - Participation.
     - Social Responsibility.
     - Innovation.
   - Values specific to the Cooperative.

The construction of a sound project requires the protagonists to embrace its very foundations, in other words, the basic beliefs and collective dispositions that are shared amongst all the Cooperative's members and are relayed to new members as a way of thinking, living and acting. We can break this shared culture down into the following aspects:

1. **Mission:** The mission synthesises the objectives of higher order by expressing the Cooperative's firm beliefs that serve as premises for all its policies and actions through focusing efforts on what is essential.

2. **Vision:** The vision is the convincing image of an achievable future. It constitutes a synthetic and clear expression in the present of what is sought to be achieved. A shared vision enables everyone in the Cooperative to know where they are going, motivating them and focusing their efforts and injecting energy into all organisational areas.

3. **Values:** These are basic beliefs that provide common guidance for everyone going about their daily duties. Values define the core nature of the Cooperative, creating a sense of identity, furthering cohesion, and developing a differentiated approach to management. Clearly, Corporate Values (Cooperation, Participation, Social Responsibility and Innovation) constitute an inevitable reference, but there may be others of interest. Nevertheless, what truly matters is that each Cooperative should determine its own values selecting those deemed relevant from amongst these references, adding those of their own according to their product-market context and their internal reality and bringing them to the fore in the everyday business pursued by all its members.
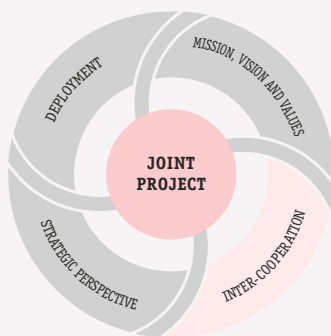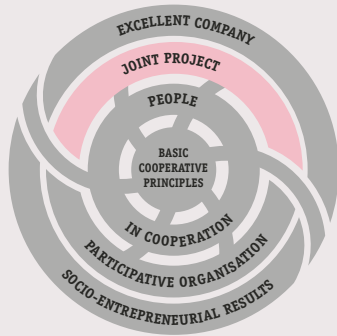
Inter-cooperation

1. Socio-corporate Business Policy.

2. Divisional Development.

3. Mutual Interest Groups.

4. Corporate Solidarity:
   - Corporate Resources.
   - Shared Knowledge and Experiences.

1. The project pursued by companies in the Corporation should be framed within the action priorities defined in Socio-corporate Business Policy, which is established for four-year periods. It is a major reference for identifying the focus within each strategic period and seeking to make the most of the opportunities provided by other corporate actions to the advantage of the Cooperative itself, as well as to the Corporation as a whole.

2. Each Cooperative takes its place within a single Division, which constitutes the natural scenario for sharing strategies, with the purpose being to identify and develop procedural synergies with some or all the Cooperatives in the Division. The divisional arrangement, as the foremost structure of inter-cooperation, is a task that must involve each and every one of the Cooperatives, in the assurance that the efforts made will be beneficial to the actual Cooperative itself, to the Division and to the overall Corporation.

3. Each Cooperative and each Division will also explore alternative opportunities for development with other Cooperatives or Divisions in order to form Mutual Interest Groups that facilitate their own strategic development.

4. Corporate solidarity is an efficient instrument for the development of each Cooperative and of the cooperative whole, which we must fine-tune, not only in the use of economic-financial resources and the services rendered by Corporate Activities, but also in the aggregate knowledge of good practices, learning communities and shared experiences.
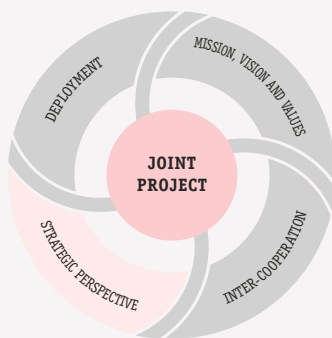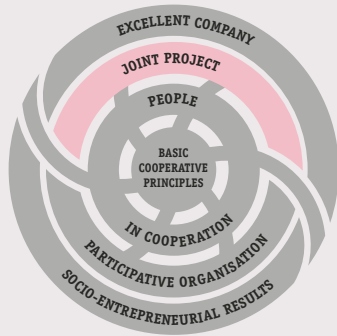
Strategic Perspective

1. Monitoring the milieu.

2. Stakeholders.

3. Analysis of prior results.

4. Competitive positioning.

5. Challenges, Objectives and Shared and dynamic strategies.

1. Each Cooperative has to equip itself with the right mechanisms for monitoring its environment: Market Trends, Activity of Competitors, Legislative Changes, Innovation, etc. Such mechanisms should provide people with regular information of relevance regarding those threats and opportunities helping to define a strategic project that is shared successfully.

2. Obviously striking the necessary balance, the project must seek to satisfy the expectations of different stakeholders: Customers, Employees, Suppliers, Partners, Society... To do so, each Cooperative needs to implement the appropriate listening mechanisms for each one of these groups.

3. The reflection process needs to provide all those involved with reliable information from an historical perspective on the indicators included in the Control Panel and on others that may be deemed significant. In addition, it is of interest to perform other appraisals of a qualitative nature regarding the results forthcoming in relevant experiences undertaken. The analysis of such information will enable us to point out successes and failures, as well as identify the limitations and the paths for overcoming them.

4. In addition to the corporate reference on the previous page, the evolution of the milieu, stakeholder demands and performance indicators, each Cooperative should reflect on its strengths and weaknesses, whereby it can ultimately determine both its current positioning and the one it seeks for the future.

5. The Strategic Approach should specify how the desired competitive positioning is to be developed, outlining the challenges, goals and procedural strategies for a concrete timeframe, in a manner that is consistent with both the Mission and Vision. Rather than an objective that is set in stone, it is a way forward that is shared by all the people who will naturally be affected by the modifications and adjustments required in due course, depending on changes in the environment.
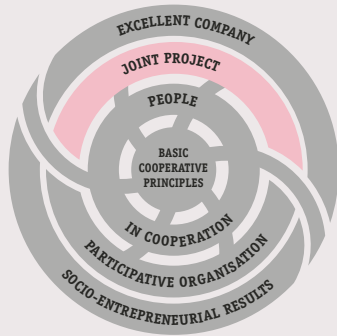
Deployment

1. Deployment of the Strategic Approach.

2. Annual Plan.

3. Monitoring and Improvement.

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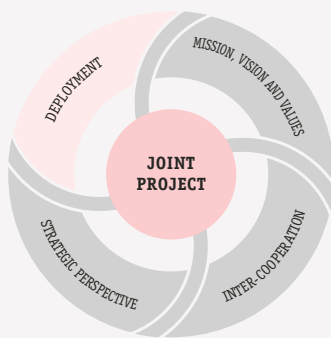
1. The Strategic Approach clearly sets the course for a specific period. Insofar as it is dynamic, it does not actually detail the manner in which each business, organisational unit, self-managed team, and, in a word, each individual is going to contribute to the business project. This requires a coherent deployment, defining the actions to be undertaken in the different areas of business.

2. The specification of challenges, goals and the actions to be addressed, as well as the budgets drawn up for the following year, constitute the Annual Plan.

3. Each Cooperative needs to avail itself of those mechanisms for Monitoring and Improvement that are suitable for checking that the scheduled plan is being developed and verify that it is the right one for achieving the goals proposed. The outcome of such verifications will obviously involve corrective or improvement actions to redress shortcomings or design new actions, prompted both by an analysis of indicators and by changes in the environment. The periods in which we are to carry out these monitoring activities may vary and be tailored to each Cooperative's needs. In

any case, it is advisable to show the necessary flexibility to ensure that the project is permanently updated.
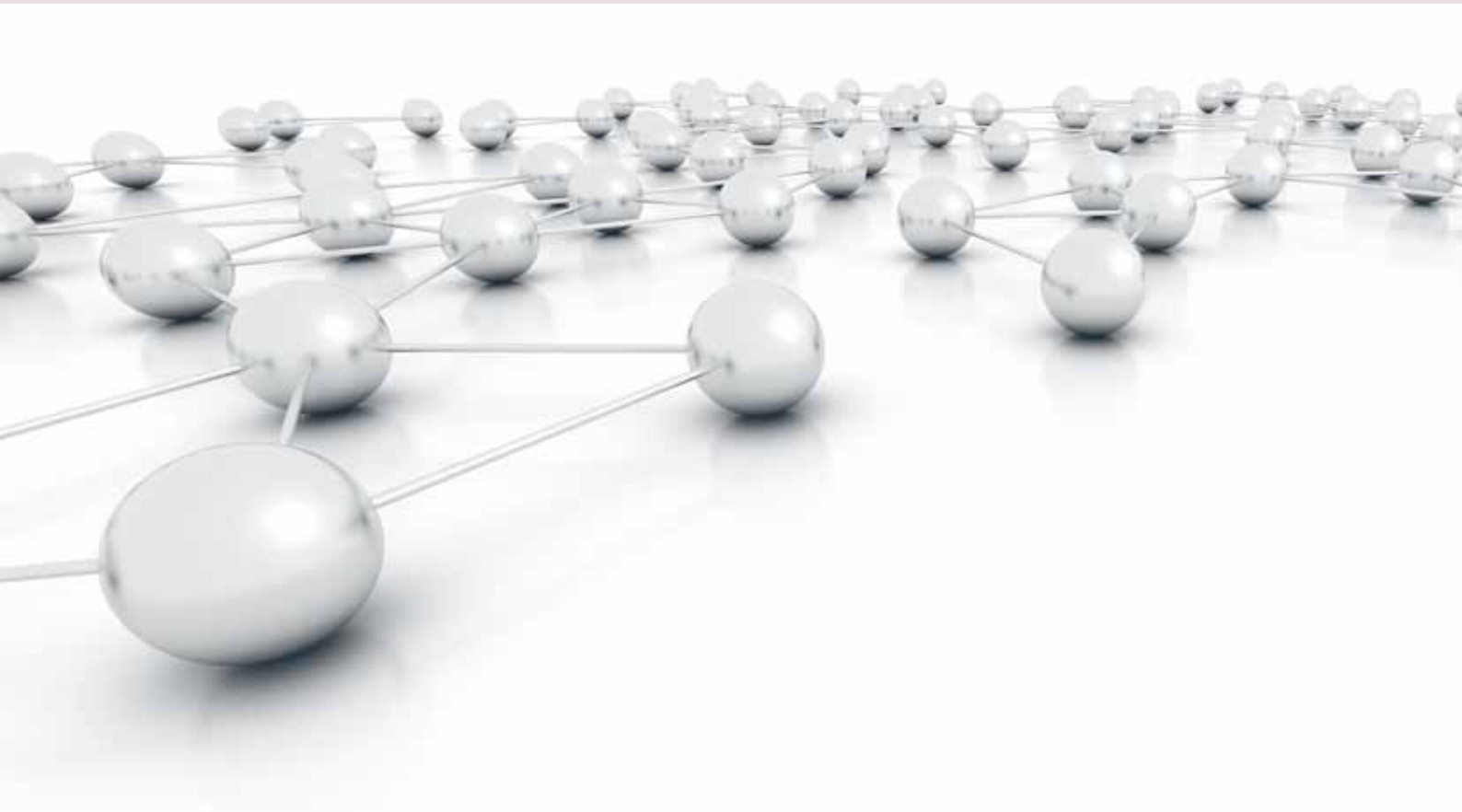
Participative Organisation

The institutional bodies themselves provide us with the mechanisms for individual participation, which we should optimise through **Corporate Development** both in the Cooperatives and in subsidiary companies.

Yet the way in which each person will truly be made to feel appreciated is through **Self-management**, which allows for goal-setting and decision-making in work teams.

It is impossible to fully engage people if they do not have access to the information they need and do not have mechanisms of **Communication** in all its senses and based mainly on interpersonal dealings.
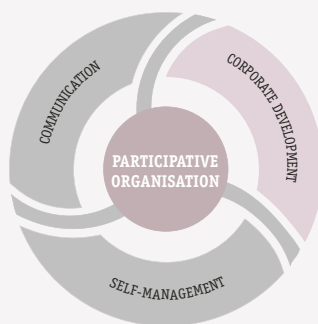
Corporate Development

1. Assembly as the meeting point for sharing the project.

2. Exercising the duties delegated in the Governing Bodies.

3. Development and application of the Model in subsidiaries.

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1. The development of a project that is shared by all those involved requires them to be its enablers and become involved in its drafting right from the start, working as a team. The Assembly is the focal point for sharing and approving the project defined collectively.

2. The Corporate Bodies: Governing Board, Member's Board, etc. are always to abide by the shared project approved by the Assembly in the pursuit of their duties, and their actions will focus on matching the general interest of the Cooperative with specific consideration for the people involved.

3. The Cooperative is to show its readiness and willingness to adapt, develop and apply its Management Model in its subsidiaries, which will basically be applicable to any reality and legal arrangement, taking as reference:

   • Holding meetings and/or Assemblies with the subsidiary's entire workforce.
   • Sharing information and creating a climate of open and participative communication that enables everyone to take part in the company's management.
   • Construct formulas that favour the corporate involvement of people in the subsidiaries.

• Introduce formulas that enable people in the subsidiaries to share in the company's results.
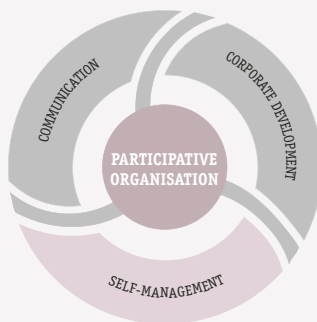
Self-management

1. Horizontal structures with few hierarchical levels.

2. Teamwork.

3. Ability to set goals, take decisions and accept responsibility.

4. Recognition.

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1. Self-management means that everyone who shares the socio-entrepreneurial project, working as a team, is imbued with decision-making capacity regarding the achievement of its goals. Accordingly, the organisational structure that paves the way for self-management will be horizontal and with few hierarchical levels, and the wage structure established should be consistent with it.

2. People need to work as a unit, contributing ideas and sharing experiences that render it possible to develop the joint project and its constant innovation. Through teamwork and shared experience, and besides the ongoing renewal of the project itself, we lay the foundations for personal and professional development, at the same time as we further people's integration and engagement with it.

3. Self-managed teams are capable of decision-making (information, capacity and empowerment) within their sphere of responsibility. The setting of goals and their monitoring is therefore carried out by the workforce itself.

4. Recognition is essential for encouraging personal involvement. This may be carried out as follows:

- Non-material, formal and informal recognition of people and equipment on the part of the various leaders, who ensure that each person is and feels a vital part of the project.
- Other kinds of rewards linked to the achievement of the joint project's goals. It is advisable to promote such recognition on a collective basis, rather than simply applying it to individual people.
- Self-esteem generated by the actual success of the shared project itself and by the personal and professional development achieved, leading to growth in knowledge, experience and creativity.
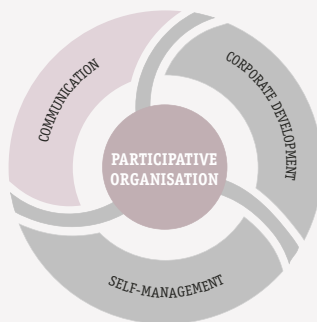
Communication

1. Policy of transparency.

2. Encouraging interpersonal dealings.

3. Ensuring key information is known to all.

4. Channels of communication providing for feedback.

5. Shared experience with all other individuals and teams.

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1 and 2. A participative organisation in which individuals and their leaders are to pursue a policy of transparency and seamless reporting, fostering interpersonal dealings as the main source of communication.

3. People require clear, accurate and readily available information on the project's key aspects, as well as specific data for reaching their own individual goals. They are therefore to be provided with the necessary means and tools for achieving this.

4. Information systems are facilitators at the service of individuals and teams for attaining their goals in an efficient manner. The Cooperative needs to set up information channels, as a means of feedback for generating a climate of trust in which ideas and experiences are shared, thereby leading to more efficient decision-making.

5. The experience acquired through teamwork is one of the Cooperative's assets, on a par with the people working in it; we therefore have to share it with all other individuals and teams to favour joint learning.

Excellent Company

Although it is true that our cooperative status gives us clear advantages in the application of the most advanced management concepts, we should not take it for granted that these will be materialised, whereby we must pay constant attention to the development of such aspects as:

The **Customer Focus** of all those people who realise this is the precise target of the value created, and that the project has meaning solely insofar as this value is perceived.

The tweaking of **Processes** through their systematic management, guaranteeing the efficiency and effectiveness of our operations.

Innovation as a culture and operating strategy that allows for improvements to be made constantly to what we do, thereby increasing the value added perceived by the customer.

Within a context of extended company, of a network organisation, the Cooperative needs to forge **Partnerships** with other entities that go beyond the opportunities provided by inter-cooperation, to fine-tune the supply chain or address more integrated value proposals, and again render a better service to customers.

The Cooperative's dealings, and the repercussions its business has, are not limited to people, customers, suppliers and partners, but rather in one way or another they affect society at large. There is therefore a need of **Social Engagement** with the milieu in which we operate, with cultural integration, contribution to its development and respect for the environment.
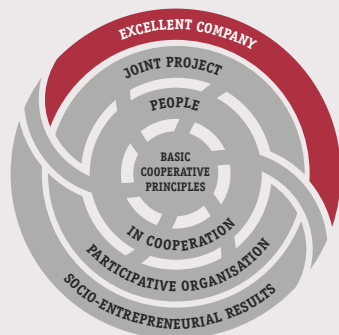
Customer Focus

The customer is the recipient of the value we create, being the one who gives meaning to the business:

1. Seeking the loyalty of customers to make them our consumer motivators.

2. Exploring formulas for dealing with present and prospective customers.

3. Integrating customers as a source of innovation and continuous improvement.

The customer as the recipient of the value we create, being the one giving meaning to our business. We understand the customer to be anyone who in one way or another has an influence on the purchase decision: direct customers, brokers in the value chain, end users, purchasers, consumer motivators, etc.

1. The aim is to integrate the customer within the Cooperative's everyday life, making their voice heard in the different areas and considering it essential in decision-making. There is a need to generate knowledge on the current and future needs, wishes and expectations of customers by making it accessible for the largest possible number of individuals and teams. This will enable us to increase our capacity for responding to the market, creating constant value added for customers by exceeding their expectations. Furthermore, we will ensure that the highest possible number of people have direct and structured dealings with customers, streamlining their ties with us. It is extremely important to quantify their perception through specific indicators and develop improvement actions that reinforce customer loyalty and encourage them to recommend us to others.

2. Whereas in the preceding section we restricted ourselves to present customers, seeking to reinforce our ties and thereby increase their loyalty, on certain occasions we should open our eyes to other value proposals (customisation of offer, inclusion of higher levels of service, more integrated offer, customer-focused teams...) and/or consider other possible ways of dealing with these selfsame customers (different products/services, different sales channels, B2B, B2C...) or even access to different customers (other geographical areas, different stages of the supply chain, other business sectors, etc.).

3. Listening to what present and prospective customers have to say gives our Cooperative an exceptional opportunity to use this input as a trigger for change, continuous improvement and innovation, with the assurance that our efficient response capacity will be rewarded with a positive appraisal from the customer and, in short, with our own business advancement.

Processes

1. Global vision of processes:

   - Process map.
   - Prioritisation.
   - Horizontal organisation.

2. Development of effective and efficient processes.

3. Systematic Management of processes.

1. There is a need to have a perspective of the Cooperative as a whole, regardless of the organisational structure in place at any given moment, whereby we can visualise the processes undertaken internally. A tool that may be useful involves drawing up a map of processes/value flows that graphically portrays processes and shows how they interact, helping us to prioritise those of greater significance for achieving strategic goals. The organisational structure should permit the efficient and effective management of processes, either through the assignment of process owners, the setting-up of process teams, etc.

2. Priority processes should be developed with a view to optimising their management from both the standpoint of raising output efficiency and through the efficient use of resources (materials, financial, technological, ICTs, etc.), thereby continuously increasing the Cooperative's productivity.

3. Apart from specific instances of development, processes should be managed in a systematic manner, providing the necessary internal coordination and coherence with the Cooperative's strategic agenda and constantly making improvements to them in order to reach the required goals.

Depending on the level of innovation we need to introduce, at any given moment we can resort to the most suitable improvement method (ongoing or radical).

Innovation

1. Innovative organisation:
    - Change-oriented culture.
    - Incorporate innovation areas.

2. Inter-cooperation as a source of innovation.

3. Innovation strategy.

4. Innovation processes.

We should look upon innovation as the sum of activities giving rise to the inclusion of something new, adding value to present and prospective customers, and therefore to the entire organisation, by improving the Cooperative's positioning.

Innovation is an integral concept that extends not only to products/services, and the processes they are based on, but also to the way in which we interact internally and with the different market segments; in short, to our business model. Moreover, innovation may have an incremental or radical nature depending on needs at any given moment.

1. We have to achieve a culture oriented toward continuous change, which systematically questions the manner in which things are done in the belief that there is another better way of doing them and which fosters the development of fresh initiatives. This requires allocating resources, taking risks, learning from set-backs and re-adjusting appraisal systems and recognising the new values and competencies to be promoted. It is important to design an organisation that makes room for innovation, structured into extended networks of people, to foster the necessary participation and cooperation within the Cooperative and towards the outside.

2. We should explore the possibilities provided by inter-cooperation, as it opens up new pathways for the generation of value for customers through joint tenders, catalogue complementarity, geographic development, creation of Mutual Interest Groups, etc.

3. Each Cooperative needs to set out its own Strategic Objectives and its Innovation Strategy framed within, and consistent with, the overriding strategic project that will focus the Cooperative's innovative activity. Consequently, we will have specific plans for action and allocating people and resources, which we will monitor and improve with the same frequency and rigour as all other management areas.

4. In order to optimise the management of Innovation, it is advisable to avail oneself of tools that help to establish mechanisms of competitive surveillance, generation and prioritisation of ideas, project management and, in short, of a global vision of the Process or Processes affected by the Innovation.
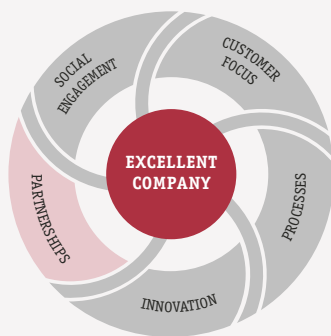
Partnerships

Extended company networking through partnerships with:

1. Customers.

2. Suppliers.

3. Competitors.

4. Subsidiaries and Associates.

5. Other partners.

In the globalised world we live in today, there is an ever greater need to consider our Cooperative as an extended company, which focuses on its core competencies and takes an active role in a complex web of relational networks that increase the value perceived by customers. Based on this approach, we have to identify our partners, the goals we set ourselves in our dealings with them and the processes through which we are going to manage it to our mutual advantage. The following points provide a mere handful of possible partners, although each Cooperative should identify key partnerships for facilitating the pursuit of its strategies:

1 and 2. Certain customers and suppliers for fostering joint strategic development, improving the supply chain, introducing innovations in product-service, etc.

3. Competitors for exchanging information, technological development, catalogue complementation, geographical development, etc.

4. In many cases, the legal arrangement adopted by this alliance involves the incorporation of a joint venture or capital investment in a pre-existing firm. If our capacity for influence is sufficient, we will seek the progressive implementation in them of our own management model, whereby more than one partner will become part of our own organisation. Otherwise, we will treat it as just another partner, optimising the management of its contribution to our strategic project.

5. In addition to the standard alliance contained in the preceding sections, each Cooperative should explore the possibilities of forging alliances with other players, such as: Universities, Training Centres, Research Centres, Public Institutions, etc.

Social Engagement

1. Cultural integration in society.

2. Contribution to development.

3. Allocation of financial resources.

4. Environmental management.

5. Business ethics.

6. Reporting to society.

7. Assessment of social impact.

Engagement with the milieu should be addressed as yet another aspect of socio-corporate management, that is, with a defined approach specified in certain goals. These should be pursued through different concrete actions and monitoring and improvement through pre-determined indicators and mechanisms. The following points provide a series of suggestions regarding those aspects to be emphasised, although as a more general guideline it is worth noting that we should be more proactive in the use and/or ratification of international standards and rules in the matter, such as: ISO 14000, SA 8000, Universal Declaration of Human Rights, ILO Recommendations, UN Global Compact, GRI, etc.

1. We are to reinforce the local language and culture in our work centres through their integration in everyday practices, dealings with customers and suppliers and cooperation with the local Administration.

2. One of the best ways we have of engaging with the milieu is to take active part in its development through the generation of wealth and employment, as well as through the contribution of our knowledge and experience regarding the Cooperative formula as an alternative to other economic models.

3. Part of the profits generated will be allocated to activities that foster education - training, and personal development, in those areas hosting our production centres.

4. Over and above compliance with current legislation, respect for the environment will be a mainstay of all our operations, leading to the implementation of environmental management systems and including this concept in the design of both processes and products.

5. The following are non-negotiable requirements: compliance with current legislation, dignity and respect in the recruitment of staff, propriety in business dealings and in the true portrayal of the data and information reported.

6 and 7. Given that Society is seen as one our Cooperative's stakeholders, we should more accurately delimit the segments upon which we seek to make some form of impact and the specific people who represent them. Depending on the specific goals we will have to establish for each segment, we will design the most appropriate mechanisms of communication, amongst which we will include a regular and rigorous appraisal of the impact we are having on them, in order to draw up the action plan that most closely fits the goals set out.
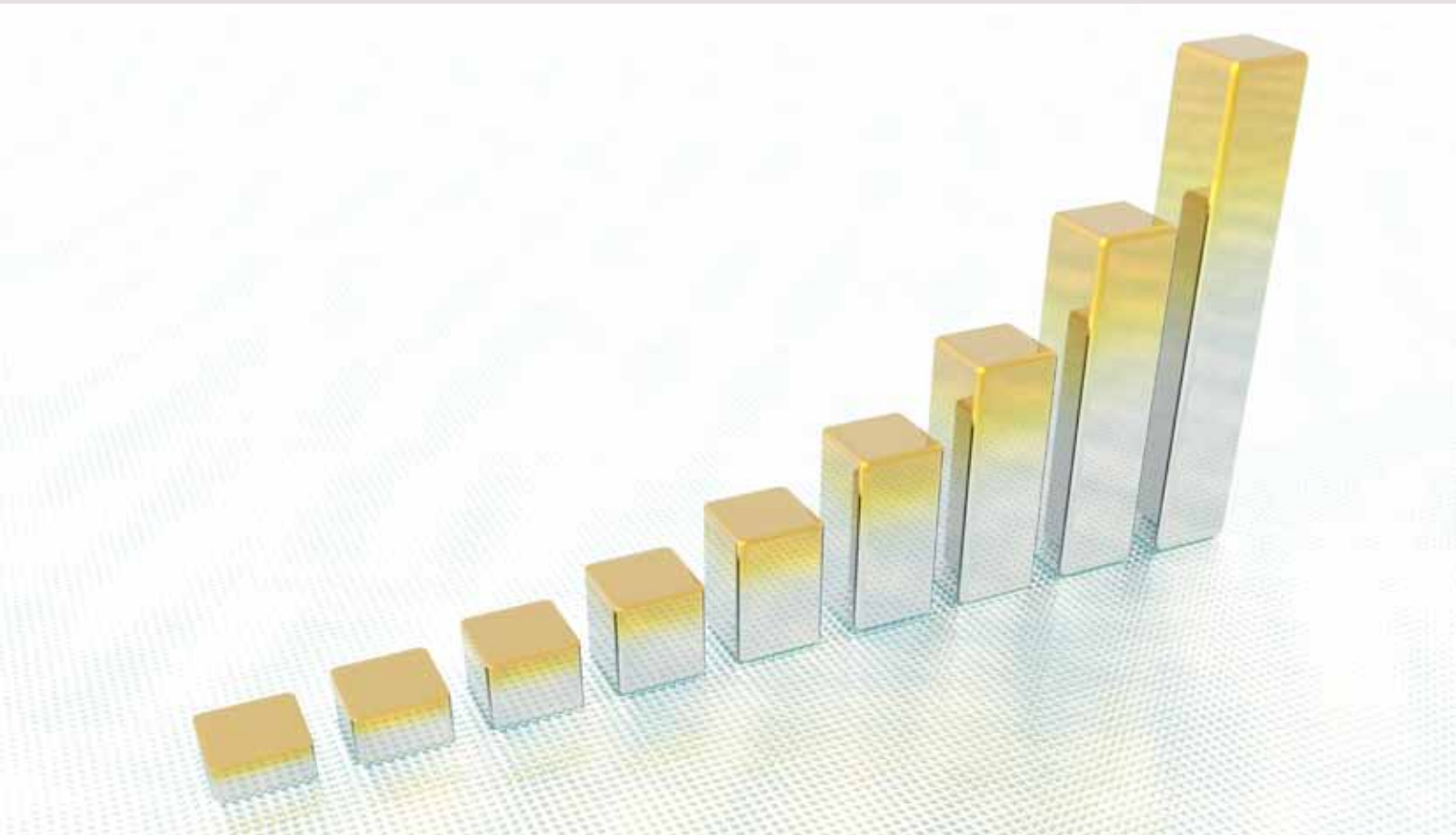
Socio-entrepreneurial Results
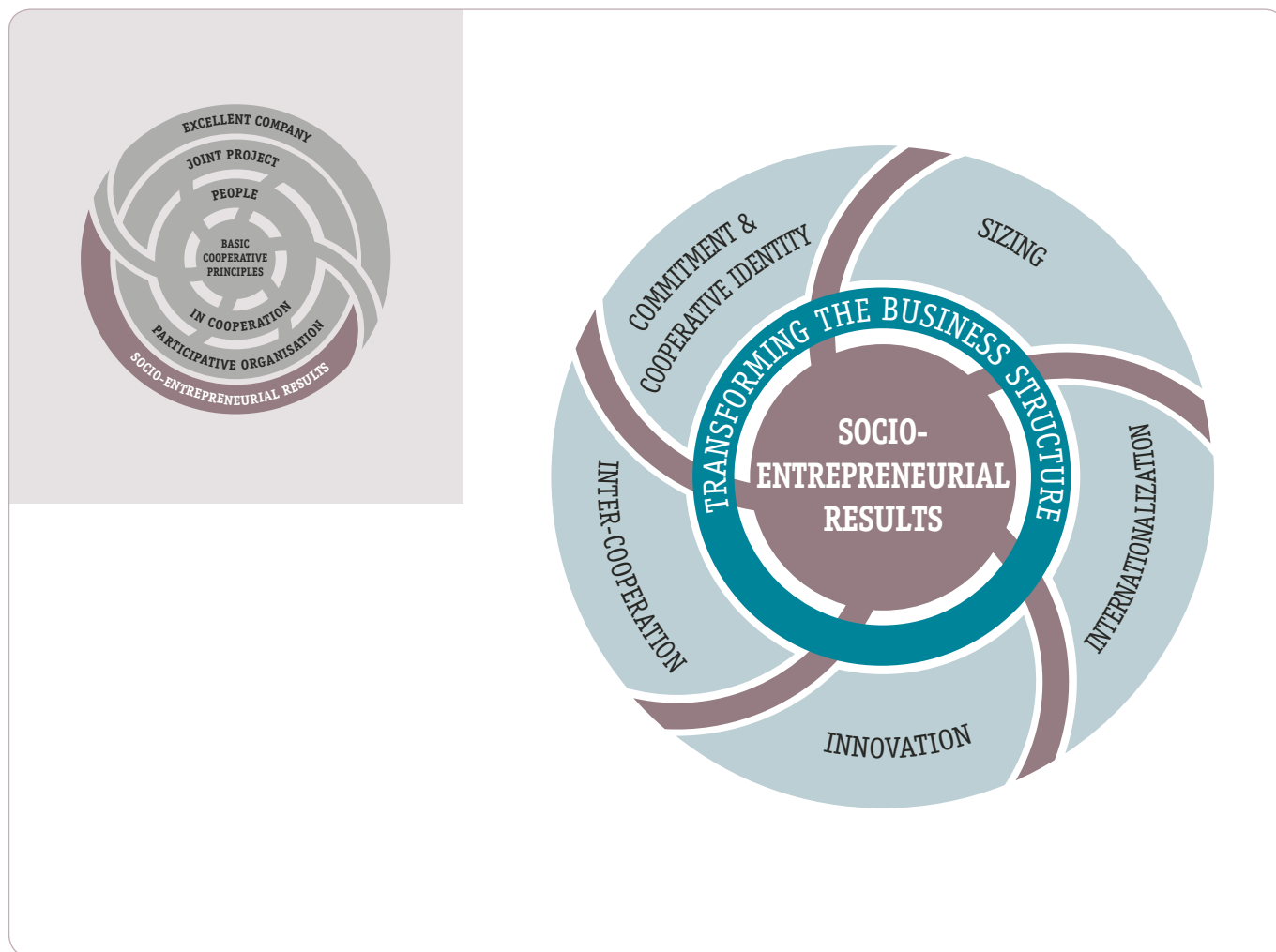
Socio-entrepreneurial Results express the Challenge and the Five Corporate Strategies included in Corporate Business Policy 2013-2016, which guide us regarding the goals and targets to be established, striving to strike a balance between the short and long terms, and between the different spheres: **Transforming the Business Structure, Sizing, Internationalization, Innovation, Inter-cooperation and Commitment & Cooperative Identity.**

The achievement of satisfactory results will be proof of the soundness of the Management Model's application. It is therefore necessary to introduce monitoring mechanisms that enable us to analyse the trend over specific timeframes, and allow for the adoption of improvement actions.

The following pages present, for the Challenge and the Five Corporate Strategies, a breakdown of the same through specific areas of measurement. A series of proposed indicators is presented for each one, whereby each Cooperative will be able to select those of greatest interest to their project, thereby configuring their control panel.

The end of each page specifies those indicators that are considered to be of mandatory compliance, for allowing information to be consolidated at Divisional and Corporate level.
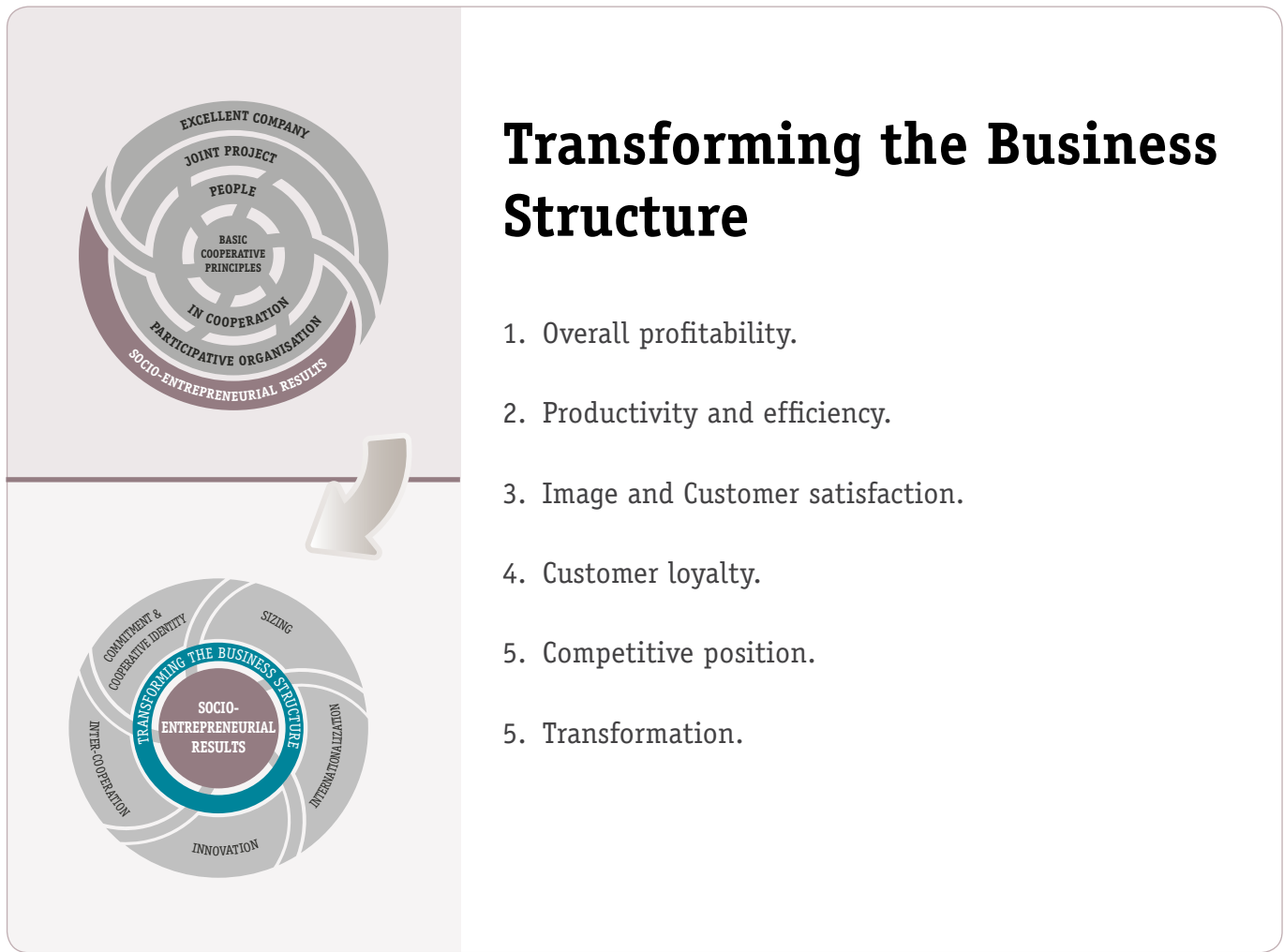
Transforming the Business Structure

1. Overall profitability.

2. Productivity and efficiency.

3. Image and Customer satisfaction.

4. Customer loyalty.

5. Competitive position.

5. Transformation.

Corporate Business Policy 2013-2016 poses the challenge of transforming the business fabric, improving the competitive positioning of the businesses and the corporate identity and commitment of people, whereby we will become a business group with profitable and sustainable operations for generating value added employment.

Although the progress made in the Strategies will have a direct bearing on the Challenge, and the following pages provide the indicators associated with each one of them, there now follows a detail of the areas of measurement suggested specifically for analysing the degree of progress in overcoming the Challenge, either because they refer explicitly to it, or because they are deemed to be of relevance and are not directly linked to any one of the Strategies:

1. **Overall profitability.** These are overall indicators that reflect the company's total output, such as ROA, Surpluses, Cash flow, Gross margin, etc.

2. **Productivity and efficiency.** Relevant indicators of the key processes for the generation and delivery of the target product/service involving, among others, Percentage of personnel costs over value added, Value added per person, Earnings per person, Turnover of stock, etc.

3. **Image and customer satisfaction.** This section includes those general aspects that enable us to project a specific image that is perceived by current and potential customers, as well as the overall assessment our customers make of their relationship with us. Possible indicators are: Direct measures of general satisfaction, Reputation, etc.

4. **Customer loyalty.** Indicators related to overall customer results measured by their ongoing trust in us through Repeated purchases, A growing business share, Third-party recommendations, etc.

5. **Competitive position.** Indicators reflecting the situation of the company in relation to competitors in the market, as the Ranking position, Market share, Quality of product/service, Financial capacity, etc.

6. **Transformation.** This section includes a number of indicators that may or may not be applicable depending on the transformation that each cooperative needs to undertake, such as, for example, Sales in businesses in difficulties, Jobs reassigned, Sales in new sectors, etc.

In this strategy, the indicators of mandatory compliance are: **ROA, Cash flow, Profitability, Percentage of personnel costs over value added, Value added per person and The overall index of direct measures of customer satisfaction.**
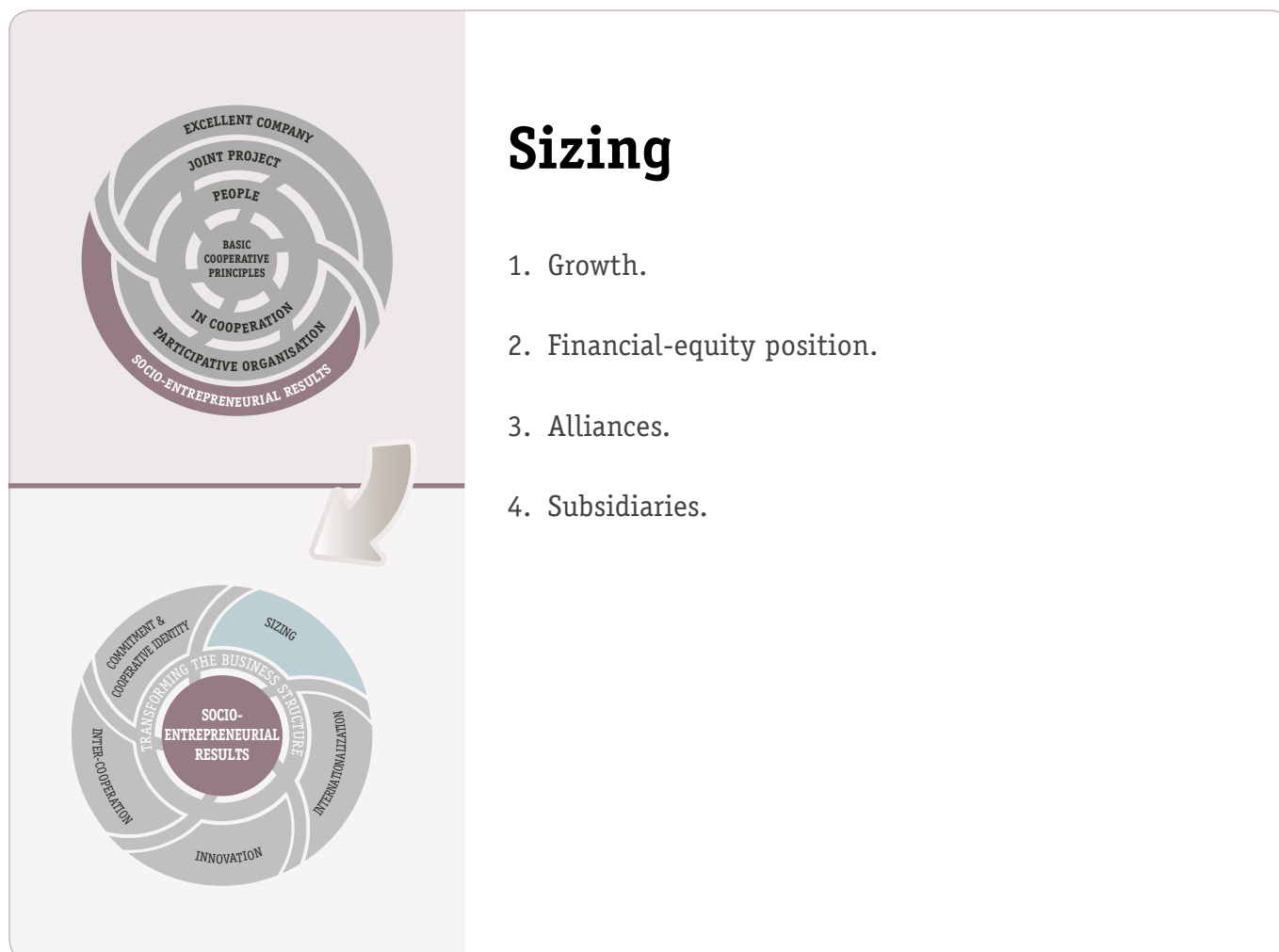
Sizing

1. Growth.

2. Financial-equity position.

3. Alliances.

4. Subsidiaries.

The Strategy of **Sizing** involves adopting proactive approaches in order to obtain appropriate and competitive sizing from the perspective of a global market. The following areas of measurement are proposed:

1. **Growth.** This includes the instances of growth recorded as a result of the greater share in traditional markets, as well as through deployment in new markets or strategically defined sectors. Possible indicators are: Total sales, Investments, Total headcount, Creation of cooperative employment, etc.

2. **Financial–equity position.** This features the usual indicators for balance sheet analysis, such as Independence rate, Assets' turnover, Working capital, etc.

3. **Alliances.** One of the ways of achieving the right sizing is through alliances. This section seeks to assess the activity and effectiveness of this area, through indicators such as: Number of alliances, Business turnover recorded through them, Purchases from allies, etc.

4. **Subsidiaries.** A further line of action for achieving the appropriate sizing is through takeovers or holdings in other companies. The suggested indicators are: Total number of subsidiaries, Headcounts in subsidiaries, Profitability of the same, etc.
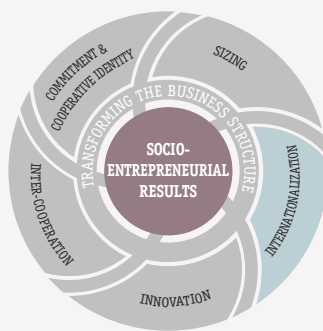
The indicators of mandatory compliance are:
– **Total sales.**
– **Total headcount.**
– **Creation of cooperative employment.**
– **Investments.**
– **Independence rate.**
– **Assets' turnover.**

Internationalization

1. Sales.

2. Purchases.

3. International deployments.

4. Management of expatriates.

The Strategy of **Internationalization** involves the new positioning of the cooperatives in new markets and/or developing the size and depth of the deployment in existing ones. The following areas of measurement are proposed:

1. **Sales.** This includes the indicators forthcoming from operations in international markets, such as Countries with a commercial presence, Percentage of exports, Sales generated abroad, International sales, etc.

2. **Purchases.** One of the opportunities in an era of globalisation is the field of purchases, whereby there is a need to monitor the trend in this matter through indicators such as: International purchases, Purchases in Low-Cost Countries (LCCs), etc.

3. **International deployments.** An activity in this area is desirable in many businesses in order to reduce costs and efficiently attend to the different markets. Suggested indicators are: International plants, Headcount abroad, etc.

4. **Management of expatriates.** With a view to responding to international development, we need to count on people with the necessary training and readiness to travel, whereby we need to introduce measures such as: The number of people with international experience and training, Voluntary turnover following repatriation, etc.

The indicators of mandatory compliance are:
– **International sales.**
– **Sales generated abroad.**
– **International purchases.**
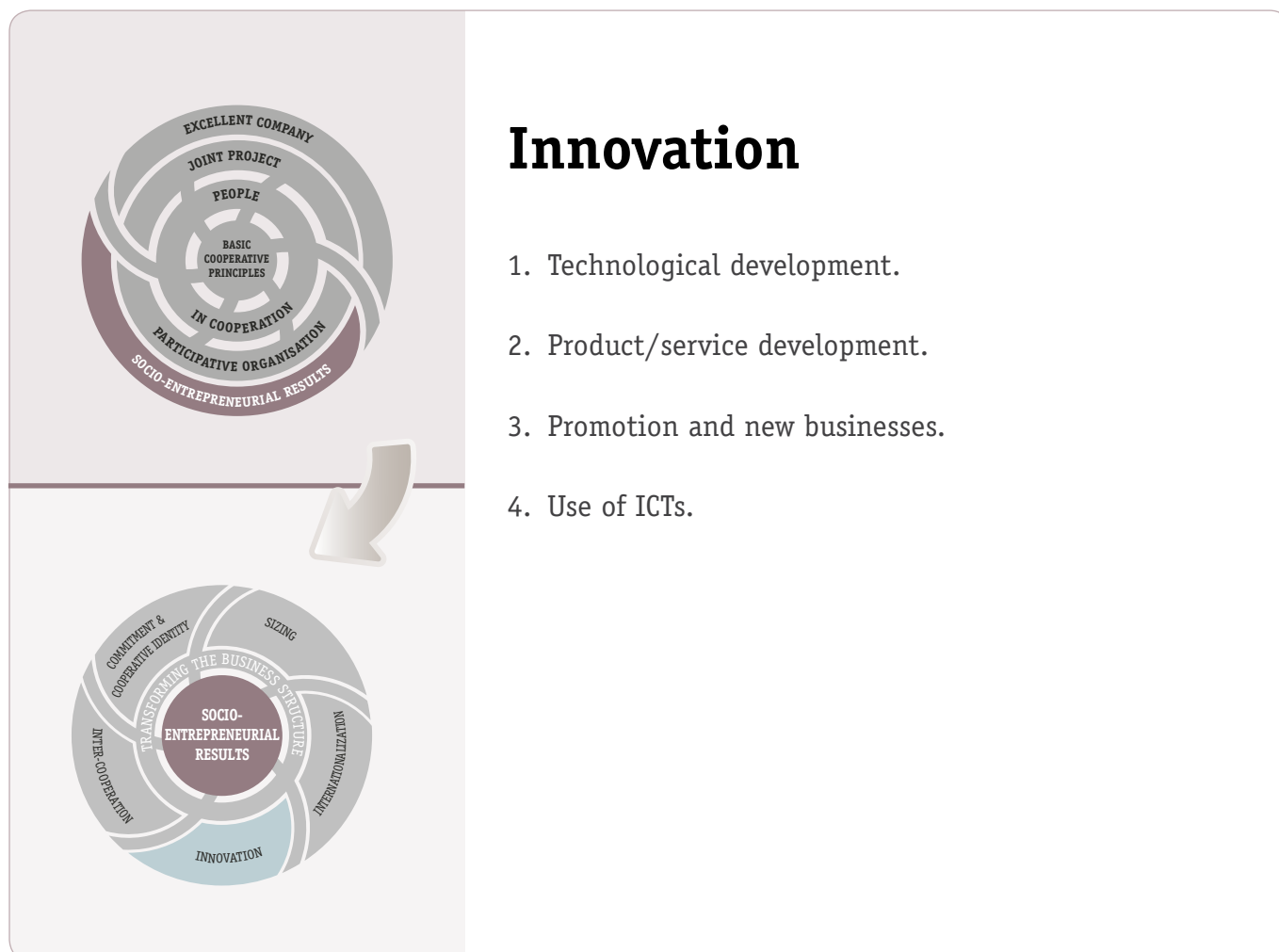
Innovation

1. Technological development.

2. Product/service development.

3. Promotion and new businesses.

4. Use of ICTs.

The Strategy of **Innovation** seeks to develop a system that paves the way for the permanent review of our business models and the promotion of new operations in the sectors of the future. The following are some of the suggested areas of measurement:

1. **Technological development.** This refers to the effort in the acquisition and generation of technological knowledge and the outcomes obtained as pursued through indicators such as R&D expenditure as percentage of sales and The number of patents filed and in force, among others.

2. **Product/Service development.** This refers to new products or services developed within the same sphere of activity. It can be measured through Sales of new products (5 years) as an overall figure or as a percentage of sales.

3. **Promotion and new businesses.** It seeks to cover the new operations developed and the sales they account for in lines of business or sectors other than those of a habitual nature. This can be measured through the Allocation of funds to promotion, Sales generated as an overall figure or as a percentage of sales, Jobs created, etc.

4. **Use of ICTs.** One of the ways in which Innovation is developed is though the suitable application of the possibilities provided by Information and Communications Technologies. Use may be made in this section of indicators such as Internet sales, Percentage of people with intranet access, etc.

The indicators of mandatory compliance in this Strategy are as follows:
– **R&D expenditure of sales.**
– **Families of patents filed.**
– **Families of patents in force.**
– **Sales of new products.**
– **Jobs created in new businesses.**
– **Allocation of funds to promotion.**
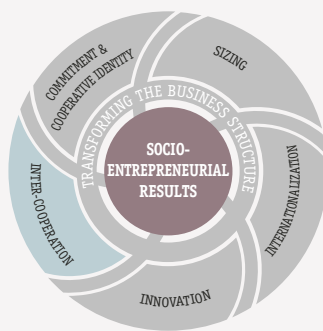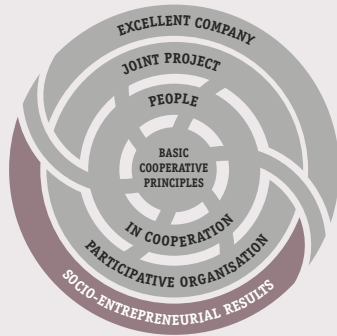
Inter-cooperation

1. Corporate Resources.

2. Projects.

3. Purchases.

4. Inter-cooperative loans.

5. Management of senior executives.

6. Shared experiences.

The Strategy of **Inter-cooperation** seeks to convert the development of cooperation possibilities between the different entities in the business group into a competitive advantage. The following areas of measurement have been singled out.

1. **Corporate resources.** Identification is made of the Contribution of corporate funds, either as an investment or as a subsidy.

2. **Projects.** The aim is to gauge the involvement in projects in cooperation or in platforms for divisional or corporate promotion, through either the Number or the volume of the same.

3. **Purchases.** Indicators linked to the use of inter-cooperation possibilities by the cooperative's procurement process, such as Inter-cooperative purchases, Participation in horizontal inter-cooperative procurement platforms, etc.

4. **Inter-cooperative loans.** The aim is to measure the usage of this option optimising financial management.

5. **Management of senior executives.** The aim is to assess the contribution of a more integrated management of senior

executives at corporate level through indicators such as the Number of executives seconded or promoted to other cooperatives.

6. **Shared experiences.** Another way of contributing to corporate building is by sharing successful experiences that can be evaluated through the Number of corporate best practices validated.

The indicators of mandatory compliance in this Strategy are as follows:
– **Resources earmarked for corporate funds as a subsidy.**
– **Investment in corporate funds.**
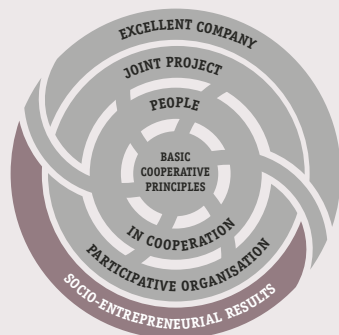
Commitment & Cooperative Identity

1. Identity and commitment.

2. Cooperative behaviour.

3. Involvement in management.

4. Education/development.

5. Quality of employment.

6. Health and safety at work.

7. Management model in subsidiaries.

8. Environmental management.

9. Contribution to community development.

10. Reputation.
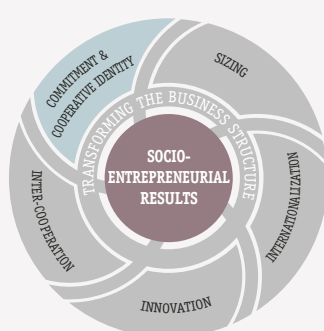
This Strategy includes the following areas of measurement:

1. **Identity and commitment.** Overall indicators of the management of cooperative culture as the Fulfilment of minimum markers in the self-assessment of the Corporate Management Model (CMM), the Index of Commitment or of Satisfaction in the Organisational Culture Survey (OCS).

2. **Cooperative behaviour.** Through indicators arising from the OCS, such as the Index of Constructive culture or of Leadership, as well as other types of indicators such as Attendance at assemblies, Involvement in institutional bodies, Percentage of earnings allocated to reserves, etc.

3. **Involvement in management.** Through indicators arising from the OCS, such as the Index of Team participation, of Autonomy or of Indirect measurements of people's involvement in improvement.

4. **Education/development.** Basically through indicators that measure the resources allocated and the outcomes obtained in terms of personal or professional development, with indicators such as Hours of training per person, People with cooperative training, Internal promotion, Index of training in OCS, etc.

5. **Quality of employment.** Basically through indicators that reflect the type of hiring and aspects of pay and the working calendar, such as the Percentage of members over the headcount, Percentage of temporary staff, Average index, Payday loans, Overtime, Women in management positions, etc.

6. **Health and safety at work.** Through indicators for measuring the Accident rate and Absenteeism.

7. **Management model in subsidiaries.** Our aim is to find a way of measuring the degree of application of the different mechanisms that enable people to become involved in the management of subsidiary companies with indicators such as the Percentage of people with a capital holding, Percentage of people with a share in earnings, etc.

8. **Environmental management.** Indicators forthcoming from the application of environmental management systems designed to preserve resources and reduce disturbances, with indicators such as the Carbon footprint, Water consumption, etc.

9. **Contribution to community development.** Through indicators such as the Creation of local jobs, Induced employment, Funds allocated to education/training, Social/cultural activities, etc.

10. **Reputation.** Through indicators of direct measures, such as the Index of the overall satisfaction of community leaders or Public recognitions, etc.

The indicators of mandatory compliance in this Strategy are as follows: **Percentage of compliance with minimum markers in CMM self-assessment, Index arising from the OCS, Hours of training per person, Percentage of members over total headcount, Accident and Absenteeism rates, Percentage of people with a capital holding, Percentage of people with a share in earnings, Carbon footprint associated with energy consumption and the Creation of local jobs.**

Implementation
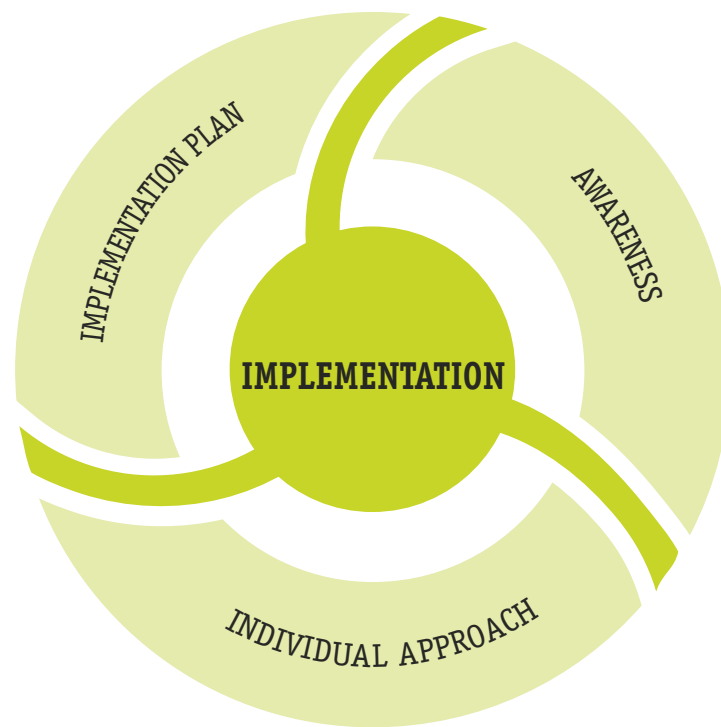
The Corporate Management Model aims to provide an umbrella for all those aspects of business management, indicating an ideal state for each one of them.

In addition, it is open to application in extremely different contexts (Cooperative, Business Unit, Associate Company, Division, etc.).

The present chapter, therefore, presents just a handful of general notions on how to go about this: Firstly, there is a need for **Awareness of the Corporate Management Model** so that once its concepts have been assimilated, we can decide upon the **Individual Approach** to adopt in each specific Cooperative, and set forth the detail of the appropriate **Implementation Plan**.
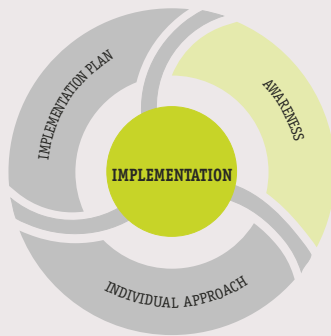
Awareness of the Corporate Management Model

1. Instruction.

2. Assimilating messages.

3. Analysis of the point of departure.

1. Our aim with the Corporate Management Model is to provide the Cooperatives with certain guidelines on the way in which to develop the spheres of corporate management in an efficient manner that is consistent with MONDRAGON's corporate culture. In order to implement the Model, we must first have an in-depth knowledge of it, with the people in the Cooperative understanding and interpreting the messages forthcoming. There is a need accordingly to cater for educational aspects within the actual Model itself.

2. Each Cooperative has its own idiosyncrasies, whereby an initial reflection is required regarding the way in which these messages are consistent with the Cooperative's culture, the way in which they dovetail with other concepts normally applied internally, and it may even be necessary to redefine some of the terms to render them more comprehensible for everyone.

3. Once the messages have been understood and assimilated, we need to assess the point of departure, that is, the degree of progress made in the past regarding the different concepts in the CMM. This initial approach can be carried out in a more general manner, or better still, using the self-assessment tool associated with the Model that is presented in the next chapter.
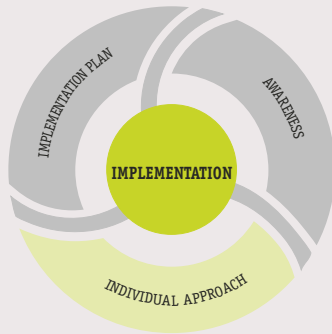
Individual Focus

1. Prioritising the areas to be developed.

2. Defining the scope of the application.

3. Assessing different alternatives.

4. Choosing the right approach.

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1. As a result of this analysis of the point of departure, the Cooperative needs to prioritise those aspects into which it must delve further at this initial stage, either because there is a clear potential for improvement, or because it falls in line with other implementation dynamics. An important reference for this task is the database on Best Corporate Practices, where we can identify the experiences of Cooperatives in specific areas that will help us to implement them in our own.

2. A relevant aspect to be determined is the scope of action. Structuring into different businesses, differentiated geographical implementations, and possibly even different trade names make it increasingly more complicated to specify the scope of the Model's application. Although it is desirable to make the utmost progress in all the above areas, it may be advisable to introduce different application rates or processes.

3. Each Cooperative must choose the way in which it proceeds with the implementation, opting between the various alternatives, such as:

a) the wholesale adoption of the Corporate Management Model.
b) the development of a Management Model tailored to suit the Cooperative.
c) customisation for the group of Cooperative-subsidiary companies.
d) the adoption of the Model in each business scenario.

Whichever the case, and in the event of customisations of the CMM, we should ensure that they uphold its basic characteristics.

4. Once these reflections have been made, each Cooperative should decide upon a specific approach to its application, which will act as a framework for the specific implementation plans, and which is therefore to be known by everyone taking part in their drafting.
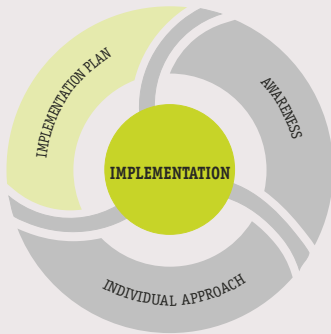
Action Plan

1. Specifying the actions to be undertaken.

2. Defining the protagonists in application and monitoring.

3. Introducing mechanisms of review and improvement.

1. Whatever the option chosen, there is a need to establish a specific implementation plan that establishes timeframes for the following different stages: training, development of individual models, dissemination, application of specific actions, measurement and improvement of the plan. It is not a question now of establishing policies, but rather of detailing specific actions, with timeframes for implementation, using the allocated resources and with certain results to be achieved.

2. Depending on the scope chosen, one or other set of individuals is to be responsible for this implementation. In keeping with the spirit of the CMM itself, we will do our best to ensure that involvement in the design of the minutiae of the actions will be as close as possible to the actual individuals themselves, as they are the ones responsible for carrying them out. We thus guarantee their central role in their application and monitoring.

3. In any case, there is a need to establish mechanisms for the review and improvement of the implementation undertaken. One option is to design a specific differentiated scheme, although it is preferable to include the action plans in the Annual Plan, which will facilitate their incorporation into standard monitoring and improvement mechanisms, which would otherwise need to be established. There is also a need to arrange the items for measuring the results obtained, and here it is advisable to use the tool presented in the next chapter.

4.

- ○ A
- ○ B
- ○ C
- ○ D
- ○ E

5.

- ○ A
- ○ B
- ○ C
- ○ D
- ○ E

10.

- ○ A
- ○ B
- ○ C
- ○ D
- ○ E

11.

- ○ A
- ○ B
- ○ C
- ○ D
- ○ E

Assessment

As with any other aspect of business management that we wish to improve, the actual application of the CMM requires introducing measuring mechanisms that confirm its progress and efficacy.

We have at our disposal a Corporate **Measurement Tool** enabling us to carry out regular **Self-assessment** exercises and establish the appropriate **Improvement Plan** in each case.
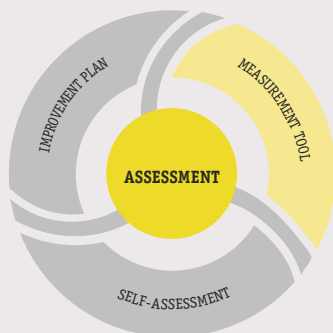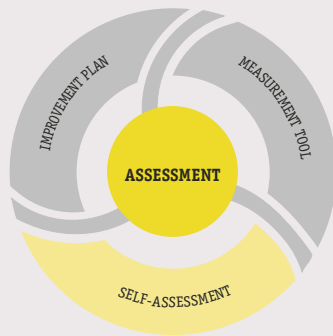
Measurement Tool

1. Socio-entrepreneurial Results.

   ▪ Selection of indicators.
   ▪ Analysis of past data.

2. Rest of the Model.

   ▪ Minimum aspects.
   ▪ Stages of evolution.

In order to assess progress in the implementation of its Corporate Management Model, MONDRAGON has its own measurement method, with the following characteristics:

1. **Socio-entrepreneurial Results.** Provision is made of a series of recommended indicators, amongst which it is necessary to specify those applicable to each Cooperative. Regarding those indicators selected, past data are collated so as to define the trend, the degree of compliance with goals and the comparison with external referents. In the light of this analysis, and of the degree of coverage of the chosen indicators, it is feasible to assess the situation in each Cooperative.

2. **Rest of the Model.** For all other Model Dimensions, there are self-assessment formats for each sub-section, where identification is made of the minimum aspects to be fulfilled by all the Cooperatives and where a sequence of the application of the different concepts is shown. Each Cooperative can identify its own situation with this tool.
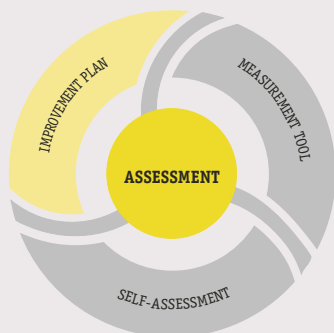
Self-assessment

1. Awareness of the corporate measurement tool.

2. Identifying the people to take part in the self-assessment.

3. Contemplating the possibility of arranging an external contrast.

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1. Clearly, prior to a self-assessment process one needs to understand the nature of the corporate measurement tool we presented on the previous page. This will enable us to design the self-assessment process as efficiently as possible.

2. The self-assessment process requires involving a representative group of people from the Cooperative depending on the scope of the selected application. It is necessary in each case to reflect and decide upon the participants with a view to obtaining a true portrayal of the situation and at the same time foster implementation through the actual self-assessment itself.

3. Although the tool is designed for application in the form of self-assessment, and at least once in each strategic period, many Cooperatives may find it useful to apply some other timeframe (every year or every two years) and at certain moments include an external appraisal made by people from outside the Cooperative who may have a different view on the process, and who may also further advice on possible guidelines or refer to Good Practices in the implementation of certain aspects.

Improvement Plan

1. Identifying areas for improvement.

   - Non-compliance with minimums.
   - Progress in stages of evolution.
   - Analysis of results data.

2. Prioritisation of the corresponding actions.

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1. The self-assessment exercise will allow us to identify areas for improvement from three separate standpoints:

- Non-compliance with any aspect rated as a minimum requirement in the measuring tool will constitute a clear priority for action in that matter. This normally involves highly specific and extremely basic aspects that do not raise many doubts regarding application.
- The analysis of other stages of evolution above and beyond those we are in may point to other areas to be developed in the future.
- Self-assessment provides us with a fresh opportunity to analyse the trend in indicators of Socio-entrepreneurial results, from where we can infer opportunities for the establishment of actions that enable situations to be redressed and/or set goals in specific areas. In addition, the analysis may point to the convenience of introducing new indicators or external appraisals.

2. Whatever the case, the assessment will lead to the identification of so many areas for improvement that it will be necessary to prioritise them in order to introduce the specific actions that will allow implementation to proceed.

Corporate Management Model