

37th DIRECTORS & CEOS
LEADERSHIP
CONVENTION

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EMPOWERING LEADERS OF
THE CREDIT UNION MOVEMENT

Board Leadership Development: The Key to Credit Unions' Success

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Today's Agenda

Defining a High Performance Board

Components of a High Performing Board

Diagnostic Questions

Next Step

Increased Scrutiny

Every credit union should be led by an effective and high-performing board which is collectively responsible for the success of the members.

Board-CEO Relationship

- ✓ Increased scrutiny and demand between the CEO and Board in effective governance of the credit union
- ✓ Declining average tenure of CEOs
- ✓ CEOs more demanding of boards for the sake of safety and soundness

Definition of High Performing Board

- ✓ Clarity of role and focus
- ✓ Competent and effective Chair
- ✓ Balanced board
- ✓ Culture of trust, respect, and dignity



Elements

- ✓ Common set of goals and tasks
- ✓ Rigorous strategic debate
- ✓ Fresh perspectives
- ✓ Effective monitoring
- ✓ Quality succession planning process

Elements

- ✓ Ensures the governance framework adds value to the organization
- ✓ Appropriate and relevant attention to strategy, governance, performance, risk, and merger/acquisition opportunities
- ✓ Models the credit union values and mission, and protects reputation

Characteristics

- ✓ Clear role definition of board members, chair, and committee members
- ✓ Establish and maintain relevant and quality processes to provide consistency and excellence

Practices

Transparent agenda that focuses on:

- Financial Position
- Strategic Issues
- Human Capital Issues
- Board Education

Practices

Agenda

- Should allow for real time issues
- Flexible to take care of new issues

Practices

- ✓ More than just filling open positions
- ✓ Current and future boards require financial expertise in the room in several or all board members
- ✓ Representative of membership

People: Chair

- ✓ Preparedness of board
 - Constantly assess knowledge base of board members
 - Introduce hypothetical scenarios to challenge group

- ✓ Annual Calendar
 - Focus on big picture items
 - Advance preparation for strategic planning

People: Chair

- ✓ Benchmarks performance
- ✓ Individual and collective
- ✓ Lead commitment to grow, change, and develop

Culture

- ✓ Board culture supports credit union culture
- ✓ Candid cross board communication
- ✓ Constructive assessments
- ✓ Leverage strengths
- ✓ Effective chemistry
- ✓ Challenge if culture ineffective

Commitment

- ✓ Degree of commitment
- ✓ Choice to be in the room
- ✓ Choice on how to be in the room

Sample Diagnostic Questions

- ✓ What do the stakeholders expect from the board in its oversight role?
- ✓ What does the CEO expect from the board in terms of governance, decision making, strategic oversight and succession planning?
- ✓ How does your Chair define quality participation of the board?
- ✓ How does your Chair define quality participation of the CEO?

Sample Diagnostic Questions

- ✓ How does your CEO define quality participation of the board in the strategic leadership of the credit union?
- ✓ Are the board's policies, procedures, and practices effective and rigorous?
- ✓ Does the board use its experience and expertise to help drive credit union performance?
- ✓ How does the Nomination Committee assess the competencies and skills of potential new board members?

Sample Diagnostic Questions

- ✓ What process does the board use to go beyond the “like me” and “usual suspects” recruitment processes?
- ✓ What are the well-defined boundaries between the board and executive team?
- ✓ Does the board have the strength, resilience and depth of expertise to guide the credit union through another financial crises?
- ✓ What is your plan in case the CEO unexpectedly resigns?

Sample Diagnostic Questions

- ✓ How is value created in the board room?
- ✓ How does the time element of the board member align with the time element of senior management?
- ✓ How healthy is strategic debate?

Sample Diagnostic Questions

- ✓ What is the appropriate level of interaction between the board and CEO?
- ✓ What are appropriate board committees (charters, goals, etc.)?
- ✓ How well is board equipped to move credit union to the next level?
- ✓ Are you willing to let go if the board (or board member) is not equipped?

Board Alignment Assessment

1. Board Composition
2. CEO Compensation / Oversight
3. Strategic Planning
4. Board Procedures
5. Board Interaction
6. Board Information
7. Board Committees
8. Board & CEO Effectiveness

Strategic Performance Index = 59


Impact	Category	Performance
1	Strategic Planning	64%
2	Board Interaction	54%
3	Board & CEO Effectiveness	65%
4	Board Composition	45%
5	CEO Compensation/Oversight	73%
6	Board Information	63%
7	Board Procedures	61%
8	Board Committees	53%

Strategic Performance Index = 59


Impact	Category	Performance
1	Strategic Planning	64%
2	Board Interaction	54%
3	Board & CEO Effectiveness	65%
4	Board Composition	45%
5	CEO Compensation/Oversight	73%
6	Board Information	63%
7	Board Procedures	61%
8	Board Committees	53%

Scenarios for Next Step

1. Commit
2. Diagnose
3. Subject Matter Expert
4. Co-Create
5. Implement and Monitor



The credit union industry is prime for high performance in
all domains of people, service, and delivery.



*We each create our world.
What are you creating?*

For More Information

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