

NEWS & OPINIONS

5 Strategies To Improve Board Performance



By Yvonne Evers

Are your board members performing at their peak?

With everything that is happening in the credit union movement and the economy today, your answer to this question better be yes.

If not, you need to take a closer look at whether or not your board is making a positive impact on the success of your CU and its members.

There are precious few constants in the credit union world. The number of credit unions will continue to decline, while technology becomes more complex and regulations will increase if current trends continue. There is no doubt that more will be expected from the directors if credit unions are to succeed in this highly competitive environment.

I have worked in the CU movement for more than 20 years and have served on the board of a billion-dollar CU for the past 11 years. I have also helped hundreds of credit unions in solving human resource issues, coached executives to reach their goals and worked with board members to understand their roles. And I've seen it all—from the smooth running professional board that is truly adding to the success of the credit union, to the dysfunctional board where disagreements are common and sometimes escalate into physical aggression.

Nothing is more important right now for us, as board members, than to ensure that we are fully committed to our role. We need to be completely engaged in fulfilling our responsibilities not only for the viability of the credit union but also, and especially for the members.

I believe there are five key strategies that all boards need to implement to be successful and to help lead their credit unions to success. I will briefly describe each of these strategies below.

Strategy 1: Accept nothing less than trust and respect.

A CU board has a lot of responsibilities and there are many ways in which they can carry them out. They can simply rubber stamp all decisions made by the CEO, argue with each other until someone or one group of board members gets their way, or they can have open, honest discussions that result in the board pulling together as a group to make the right decision in the best interest of its members. Obviously the last option is the one that keeps trust and respect among members in mind.

Strategy 2: Take a proactive approach to board member succession. One of the responsibilities of the board is to contribute to the long-term success of the credit

union by ensuring members' interests are represented via a capable board. This responsibility is accomplished in a variety of ways, including ensuring that CU members are presented with only well-qualified candidates in each board election, providing complete orientation and training of new board members, constantly providing directors with appropriate development opportunities, and planning for the succession of each board member.

Strategy 3: Ensure that the CEO compensation package is appropriate and represents the value that you place on the CEO. Hiring a CEO and monitoring his or her performance is one of the most important duties of a board. Having the right CEO in place can be the difference between success and failure. And it really doesn't even have to be to those extremes. Not having the right CEO in place can also mean mediocrity; they might have a stable and financially viable credit union, but not one that is growing or moving ahead in terms of product and service offerings, number of members, amount of loans, etc. It is important to have a competitive compensation package for the CEO, whether he or she is the current CEO or you are searching for a new leader.

Strategy 4: Ensure that you have a CEO succession plan in place. CEO vacancies can be planned or unplanned. In either case, by the time a succession plan

is needed, it is far too late to start developing one, and it is vital for the board to make succession planning a priority. It is also important for CEOs to understand that they have an important role in the succession planning process.

Strategy 5: Understand external factors when you are defining credit union success. One of the critical mistakes that boards often make is not having a complete understanding of how the external environment affects the CU's performance. This can cause the board and the CEO to disagree on important decisions. This can also trigger a lack of trust between the parties which can affect the success of the credit union.

This is a call to action for all board members. Take an introspective look at the level of commitment and engagement that you are providing in your role as a board member. Is that level at its peak or could it be improved?

Yvonne Evers is the Owner of YME Coaching & Consulting, LLC, which provides coaching and consulting for CU executives and boards. Evers also recently published "PEAK Credit Union Board Performance - 5 Key Strategies to Reach the Top." For info: (608) 848-2823 or Yvonne@leadtoexceed.com

