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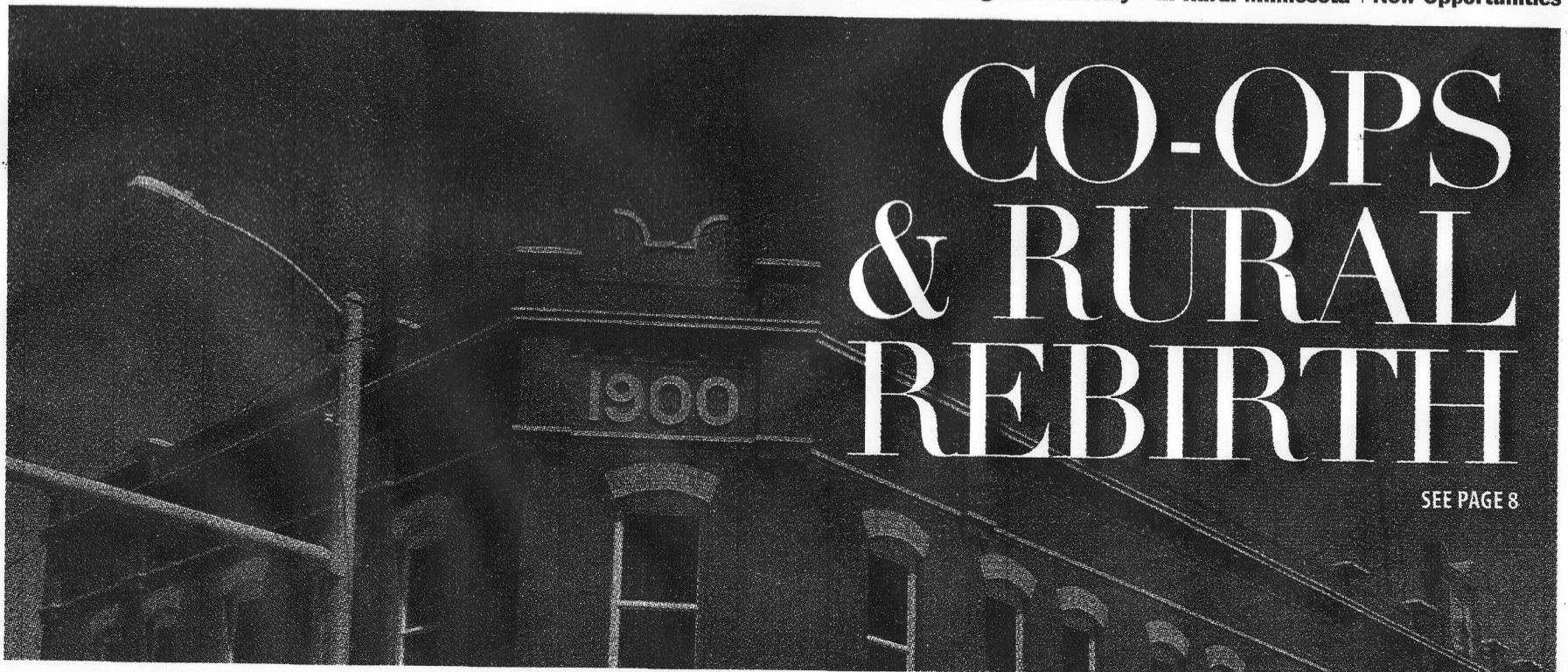
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CO-OPS & RURAL REBIRTH

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Five Strategies for a Peak-Performing Board

Your directors contribute—good or bad—to your co-op's legacy

BY MARK CONDON

I own the dubious honor of once stopping a credit union board dead in its tracks. An article I penned on the responsibilities and liabilities of credit union boards—although mild in tone and vetted by attorneys—had panicked the directors.

I received a frantic call from the CEO, claiming his board refused to take any action during its most recent board meeting. While I knew the CEO was exaggerating, I still provided him with a letter of clarification that he could share with his board to move them off the dime.

A democratically-elected board of volunteers is one of a cooperative's greatest strengths. It's also one of its greatest vulnerabilities. As the challenge to craft policy in a complex and sophisticated financial world becomes more difficult, a weak board can be devastating.

Amazingly, there are still some CEOs who prefer to keep their boards selectively in the dark. They worry about directors who are simply meddlesome by nature, misinformed, or poorly-trained. No matter the reasons, it's the wrong approach.

Yvonne Evers is a credit union consultant who has guided credit unions on leadership

and governance issues for years. In her recent book, "Peak Credit Union Board Performance," she explains that every good CEO needs a board that's performing at its peak. Like any consultant worth her salt, she provides her advice entertainingly and outlines five core strategic principles that boards should strive to implement:

- 1. ACCEPT**
nothing less than trust and respect.
- 2. TAKE**
a proactive approach to board member succession.
- 3. ENSURE**
the CEO compensation package shows value.
- 4. PLAN**
for the right leader.
- 5. UNDERSTAND**
external factors when defining success.

This approach sounds simple but it isn't. Some boards consistently fail to implement one or more of these principles. CEOs who try to restrict what their

boards are allowed to hear don't trust or respect their boards. And boards whose members don't trust and respect each other are dysfunctional. Disagreement, debate, and eventual compromise are essential to a well-functioning democracy—be it a nation or a cooperative.


Failing to plan for board member succession also is all too common. Long-tenured members who have lost their effectiveness compromise many boards. Tenure doesn't necessarily affect ability, but constant training is vital to keep board members up to par.

And recruiting and preparing future board members ensures that quality people will set policy, and better ensures that your board's makeup will reflect the demographics of your membership.

Co-op management requires a very important set of skills and qualifications that can't be purchased cheaply. It's common for some volunteer directors to measure the CEO's compensation by comparing it to their own compensation—a recipe for disaster. Running a complex enterprise requires finding and paying for the right talent. Otherwise you're short-changing your members.

Compensation, however, is just one part of the equation. You need to plan for the right leaders by clearly defining what your co-op needs and why. This means finding someone with more than a well-written résumé. Multifaceted organizations require a level of intangible talents that include empathy for members and employees, confidence in setting direction and hiring the right people, flexibility, self-awareness, and a touch of humility. Dig deeper than the paper.

Lastly, understanding external circumstances when defining success means the board must understand the world that surrounds the co-op and the influence of global and local trends on a co-op's competitive capabilities. We don't exist in a vacuum, and what goes on elsewhere in some manner eventually affects us.

Volunteer boards are too critical to co-op success to not heed the insights of people like Yvonne Evers. 

Mark Condon is senior vice president, business and consumer publishing, for the Credit Union National Association. Contact him at 608-231-4078. A version of this article appeared in *Credit Union Magazine*, October 10, 2010.

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