NACUC
NATIONAL ASSOCIATION OF CREDIT UNION CHAIRS

2024 LEADERSHIP DEVELOPMENT SEMINAR

NASHVILLE, TENNESSEE

May 19 - 21, 2024 | Holston House Nashville

LEADERSHIP DEVELOPMENT SEMINAR

NACUC.ORG

National Association of
Credit Union Chairs
2024 Leadership Development Seminar
May 19 - 21, 2024
Nashville, Tennessee

Seminar Schedule

Sunday, May 19, 2024

9:00 am – 4:30 pm	Seminar Check-In	JR Pre-Function
1:30 pm - 4:30 pm	Financial Literacy Training	James Robertson 1 & 2
5:00 pm - 6:00 pm	Get Acquainted Mixer	Bar TENN

Monday, May 20, 2024

8:00 am - 8:45 am	Buffet Breakfast	Bar TENN
8:45 am - 10:00 am	Seminar in Session	James Robertson 1 & 2
10:00 am - 10:15 am	Morning Break	James Robertson 1 & 2
10:15 am - 12:00 pm	Seminar in Session	James Robertson 1 & 2
12:00 pm - 1:00 pm	Luncheon	Bar TENN
1:00 pm - 2:30 pm	Seminar in Session	James Robertson 1 & 2
2:30 pm - 3:00 pm	Afternoon Break	James Robertson 1 & 2
3:00 pm - 4:00 pm	Seminar in Session	James Robertson 1 & 2

Tuesday, May 21, 2024

8:00 am - 8:45 am	Buffet Breakfast	Bar TENN
8:45 am - 10:00 am	Seminar in Session	James Robertson 1 & 2
10:00 am - 10:15 am	Morning Break	James Robertson 1 & 2
10:15 am - 12:00 pm	Seminar in Session	James Robertson 1 & 2
12:00 pm - 1:00 pm	Luncheon	Bar TENN
1:00 pm - 2:00 pm	Seminar in Session	James Robertson 1 & 2
2:00 pm - 2:30 pm	Afternoon Break	James Robertson 1 & 2
2:30 pm - 3:30 pm	Seminar Concludes	James Robertson 1 & 2

National Association of
Credit Union Chairs
2024 Leadership Development Seminar
May 19 - 21, 2024
Nashville, Tennessee

Seminar Participants

George Bobinski
Director Emeritus
Visions Federal Credit Union
Endwell, NY
Charter #17429
Assets: $5.5 Billion

Marvin Brangan
Chair
ABNB Federal Credit Union
Chesapeake, VA
Charter #13605
Assets: $923.7 Million

David Christopher
Board Chair
Aerospace Federal Credit Union
El Segundo, CA
Charter #14723
Assets: $481.2 Million

Ricky Crews
Board Treasurer
Pen Air Federal Credit Union
Pensacola, FL
Charter #68734
Assets: $3.1 Billion

Barkley Davis
Board Member
Old Hickory Credit Union
Nashville, TN
Charter #67982
Assets: $334.3 Million

Vince Gorman
Vice Chairman
First Commonwealth Federal CU
Allentown, PA
Charter #12765
Assets: $1.2 Billion

Geof Griebel
Board Chair
Gesa Credit Union
Richland, WA
Charter #68278
Assets: $5.5 Billion

Peter Hance
Board Secretary
First Commonwealth Federal CU
Allentown, PA
Charter #12765
Assets: $1.2 Billion

Candee Harris
Treasurer
Altamaha Federal Credit Union
Jesup, GA
Charter #10262
Assets: $68.6 Million

Steven Hernández
Director
Nutmeg State Financial Credit Union
Rocky Hill, CT
Charter #68657
Assets: $610.2 Million

Warren Jeffers
Board Vice Chairperson
OUCU Financial Credit Union
Athens, OH
Charter #61048
Assets: $483.4 Million

Bill Jennings
Chairman
Old Hickory Credit Union
Nashville, TN
Charter #67982
Assets: $334.3 Million

Jerry Johnson
Director
Arkansas Federal Credit Union
Little Rock, AR
Charter #10920
Assets: $2.5 Billion

Ronnie Jones
Board Chair
Altamaha Federal Credit Union
Jesup, GA
Charter #10262
Assets: $68.6 Million

Steve Jones
Board Vice Chair
Altamaha Federal Credit Union
Jesup, GA
Charter #10262
Assets: $68.6 Million

Joann Klonowski
Vice Chair
Premier America Credit Union
Chatsworth, CA
Charter #68428
Assets: $3.6 Billion

Dawn Kurisu
Director
Hawaii State Federal Credit Union
Honolulu, HI
Charter #1718
Assets: $2.4 Billion

Ken Leach
Vice Chair
Neighbors Credit Union
Saint Louis, MO
Charter #62905
Assets: $514.7 Million

Marilyn Morel
Advisory Board Member
First Commonwealth Federal CU
Lehigh Valley, PA
Charter #12765
Assets: $1.2 Billion

Drex Neumann
Director
TENCU
Nashville, TN
Charter #66886
Assets: $420.6 Million

Joe Niedzwiecki
Board Member
Security Credit Union
Holly, MI
Charter #61159
Assets: $631.5 Million

John Pehar
Board Treasurer
Glendale Area Schools Credit Union
Glendale, CA
Charter #97101
Assets: $436.9 Million

Bryan Pennartz
Board Secretary
Veritas Federal Credit Union
Smyrna, TN
Charter #21354
Assets: $53.9 Million

Chris Picha
Director
HomeTown Federal Credit Union
Owatonna, MN
Charter #21669
Assets: $279.4 Million

Dr. Luis Ramos
Board Chair
Nutmeg State Financial Credit Union
Rocky Hill, CT
Charter #68657
Assets: $610.2 Million

Jim Redwine
Director
TENCU
Nashville, TN
Charter #66886
Assets: $420.6 Million

Anthony Rogers
Director
Generations Federal Credit Union
San Antonio, TX
Charter #4015
Assets: $758.0 Million

McKinley Wooten, Jr.
Director
SECU
Raleigh, NC
Charter #66310
Assets: $55.9 Billion

NACUC Staff/Speakers

Celeste Shelton
Executive Director
NACUC
Del Mar, CA

Tim Harrington
President
TEAM Resources
Tucson, AZ

Kevin Smith
Consultant
TEAM Resources
Madison, WI

NATIONAL ASSOCIATION OF CREDIT UNION CHAIRS

CONNECTING CREDIT UNION BOARD LEADERS

2024 NACUC Leadership Development Seminar

Tim Harrington, CPA ret
And Kevin Smith

Part 1

1

Presented by Timothy Harrington, CPA ret

Tim Harrington has consulted with financial institutions since 1992. Since 1996, Tim has been President of TEAM Resources, a firm that provides consulting, strategic planning and training to financial institutions from coast-to-coast. He is the author of the popular the books:

- **Eisenhower on Enlightened Leadership**
- **Living a Life that Matters: Into the Light**
- **Credit Union Guide to Strategic Governance**

Tim is a faculty member of 3 national credit union schools on governance, finance and management, and has spoken to hundreds of thousands of directors, executive management and staff in all 50 states and 8 foreign countries.

2

2

About Kevin Smith

- 19 years' experience in CUs
  - Speaker/Trainer
  - Strategic Planning Facilitator
  - Board Self-Evaluation Consultant
- Co-Author of A Credit Union Guide to Strategic Governance
- 10 years at CUNA as Director of Volunteer Education
- Former CU Supervisory Committee Member

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Meet Your Neighbors

Find out about:

- *The most interesting thing they have ever done*

Or

- *The most dangerous thing they have ever done*

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During the Seminar, We will discuss:

- Defining the Chair's Role
- Distinguishing Between Governance vs. Operations
- Leading and Monitoring Success by Strategy
- Strengthening the Board's Governance Skills
- Ensuring an Effective Committee Structure
- Running an Efficient Board Meeting
- Working Productively with the CEO
- Finding and Attracting Future Directors
- Managing Difficult Directors

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What Topics are Important to YOU?

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What has been said of Boards

A good board can't make a company,

but a bad one will inevitably kill it

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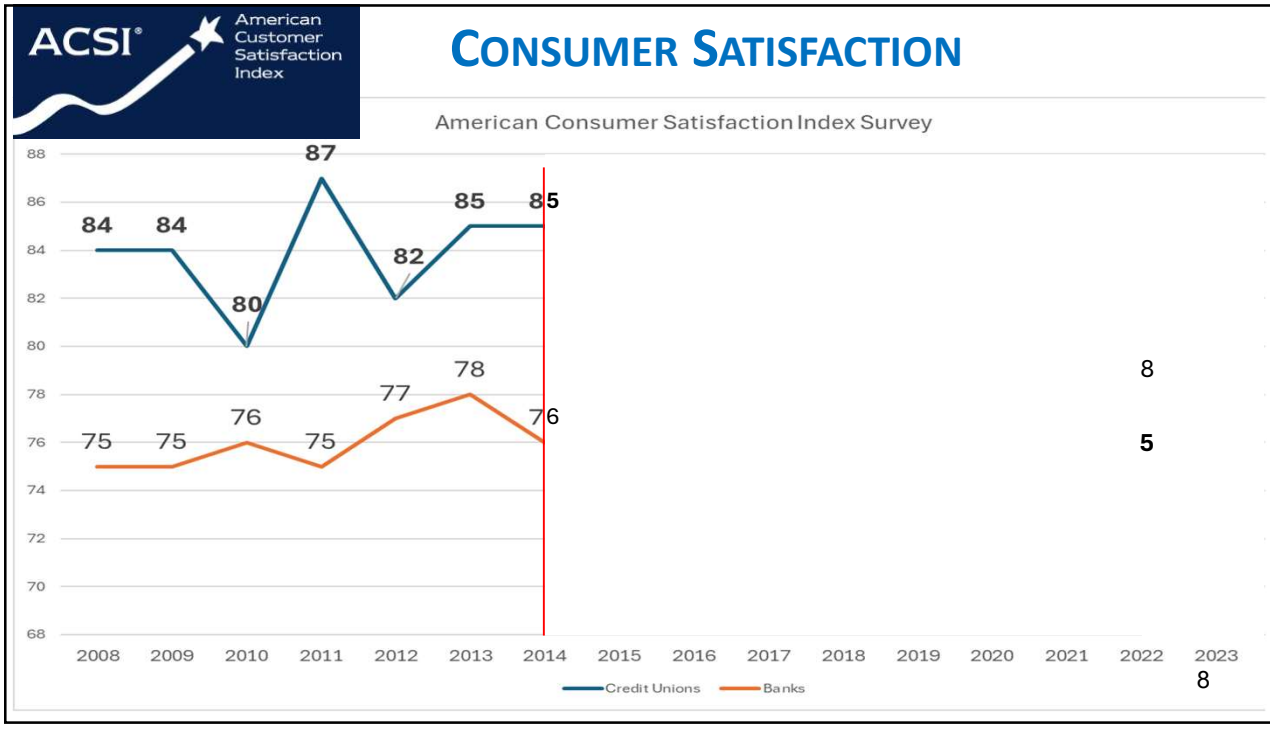

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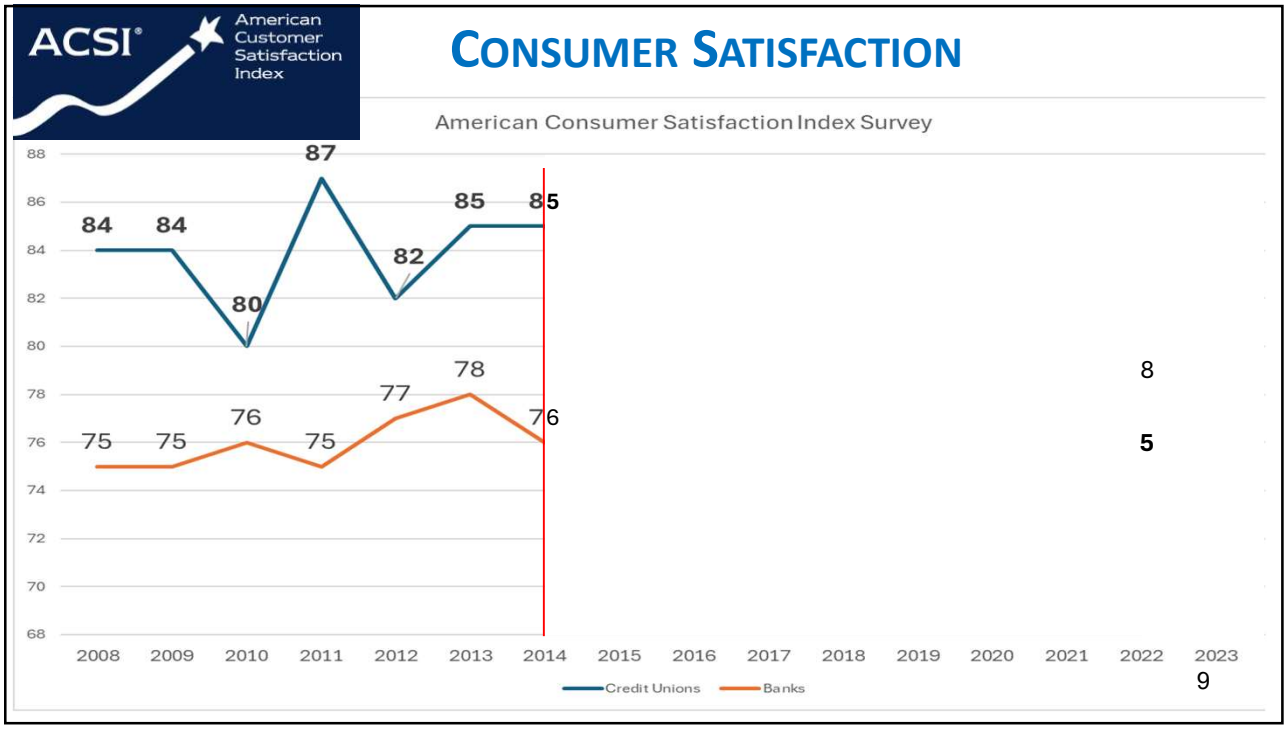
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American Customer Satisfaction Index
CONSUMER SATISFACTION
American Consumer Satisfaction Index Survey
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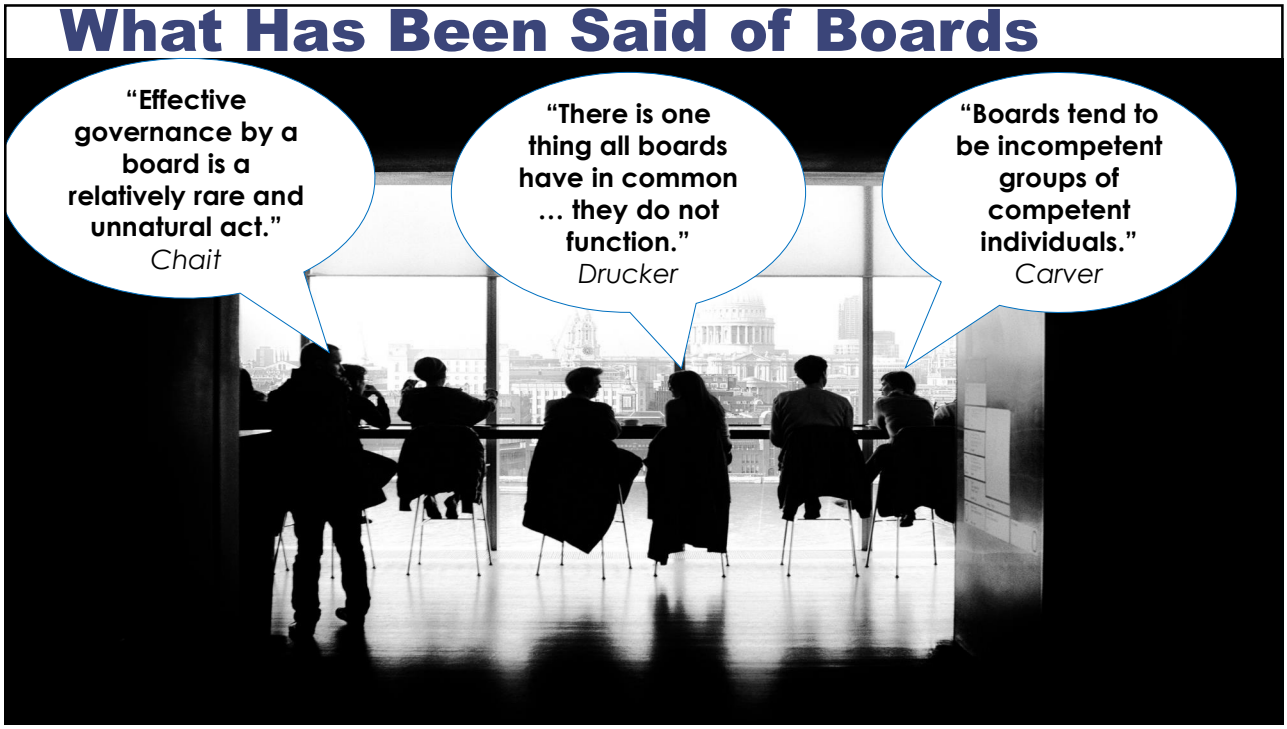
What Has Been Said of Boards
"Effective governance by a board is a relatively rare and unnatural act."
Chait
"There is one thing all boards have in common … they do not function."
Drucker
"Boards tend to be incompetent groups of competent individuals."
Carver

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What has been said of Boards

"In some ways, the board room begins to resemble a prisoner-of-war camp. A group of strangers gets thrown together with only rudimentary rules of conduct and little effort to turn them into a well-oiled machine. They are given carefully censored information and inadequate time to congregate among themselves to plan actions."

Marilyn Seymann & Michael Rosenbaum
The Governance Game

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Worst Boards

- No recruiting of future directors (Succession Planning)
- Allowing the CEO to handpick directors
- Board meetings focused on past
- Interfering in Management Decisions
- Holding NO meetings without the CEO present
- Failing to hold CEO accountable, results just "average"
- Directors not engaged
- Board distrustful of trustworthy CEO and Management
- Directors have personal agendas
- Board is stale/Directors fail to understand current and future market

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Best Boards

- Take role in Director Recruitment seriously
- Remain on level of Purpose, Planning and Policy
- Focus on Future and Strategy
- Hold periodic meetings without CEO present
- Plan with clear and measurable goals and Monitor plan status regularly
- Evaluate CEO based on achievement of plan
  - Compensate CEO based on achievement of plan
- Hold directors accountable for their own engagement
- Avoid Personal Agendas, Conflicts of Interest and Nepotism
- Trust when trust is due

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What's the Chair's Role?

First among equals

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What's the Chair's Role?

The Chair assures the integrity of the Board's process and, secondarily, occasionally represents the Board to outside parties.

1. The job of the Chair is to assure that the Board behaves consistently with its own rules and those legitimately imposed upon it from outside the organization.
   a. Meeting discussion content will be only those issues which, according to Board policy, clearly belong to the board to decide, not the CEO.
   b. Deliberation will be fair, open, and thorough, but also timely, orderly, and kept on point.

From TEAM Resources Strategic Governance Policy

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What's the Chair's Role?

2. The authority of the Chair consists of the following:
   a. Presenting a draft Board Meeting Agenda to the Board for approval.
   b. Chairing Board meetings with all the commonly accepted power of that position and invoke Rules of Order in the event of an impasse (e.g., ruling, recognizing). The Chair is empowered to vote on all issues.
   c. In conjunction with the CEO Relations Committee, is the point of contact for the Board to the CEO.

From TEAM Resources Strategic Governance Policy

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What's the Chair's Role?

d. Protecting the CEO from the direction of individual Board Members, including herself/himself. The Chair will advise and communicate to the CEO the Board's expectations and concerns regarding progress towards organizational goals; however, the Chair cannot independently modify or change the Strategy.

e. Representing the Board to outside parties by announcing Board-stated positions and by stating Chair decisions and interpretations within the area delegated to her or him.

i. The Chair may delegate this authority but remains accountable for its use.

From TEAM Resources Strategic Governance Policy

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What's the Chair's Role?

f. The Chair is empowered to recognize, remember or respond to special situations in the name of the board within budgeting constraints.

g. Where the credit union does not own controlling interest in another corporation (e.g., CUSO), but has been offered or is entitled to a seat(s) on the Board, the Chair is empowered to delegate such authority to the President/CEO.

h. The Chair, in conjunction with the Governance Committee, is responsible for administration of the Volunteer Code of Conduct and Ethics and the Bank Bribery Act for all volunteers.

From TEAM Resources Strategic Governance Policy

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What's the Chair's Role?

- Impartial Facilitator?
- Active Leader?
- Something else?

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Competencies and Expectations for a Board Chair

1. Servant Leader
2. Community Involvement
3. Respected by board members and CEO
4. Can lead even when dealing with difficult issues
5. Willing to commit time required
6. Ability to communicate, listen and seek others' input.

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Some Other Interesting Chair Topics

- Eliciting Participation
- Encouraging Dissent
- Handling the Dominator
- Ability to Engage All
- Communicating with Directors who are not meeting their obligations

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Role of the Chair

- Facilitator
- Leader
- Arrives with & without Agendas (What?!)
- Transparent
- Liaison with CEO
- Meeting Manager
- Accountable
- Visionary
- Strategic Motivator
- Spokesperson for Media*

To put it simply, the chair is:

"The Gate Keeper"
(Agenda)

"The Time Keeper"
(Efficient meetings)

"The Peace Keeper"
(Demanding diplomacy

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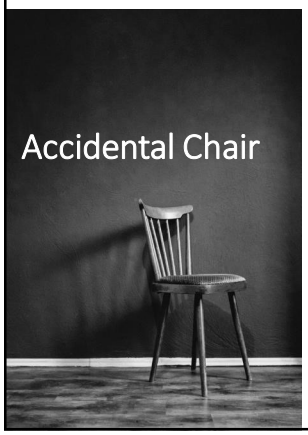
How to Become Chair

Let's stereotype, shall we?



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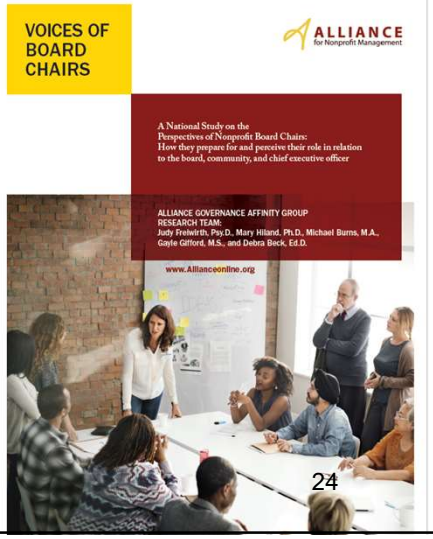
Role of the Chair

Needs intentional development – Not trial by fire.

About half of the respondents indicated they did nothing specific to prepare to become a board chair.

51%

http://allianceonline.org/page/resources



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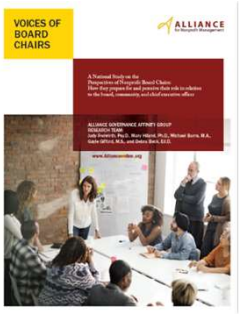
Role of the Chair



From the study:

1. Develop an Intentional, well planned practice of board chair preparation and succession planning.
2. Clarify the role of the chair in relationship to the full board, to the CEO, and the organization's community, so that there is shared agreement with the board.
3. Provide training, mentoring, and coaching opportunities specifically for board chairs.
4. Build leadership capacity for many potential board leaders, including committee chairs.

Source: Voices of Board Chairs: A National Study on the Perspectives of Nonprofit Board Chairs (2016)

http://allianceonline.org/page/resources

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Role of the Chair

From the study:

5. Provide more accessible and research-based resources for board chairs and capacity-builders.
6. Support the board chair leadership function to improve both the chair's and board's involvement in community involvement and advocacy.
7. Consider moving from a 'heroic' individual model of leadership to shared leadership.

Source: Voices of Board Chairs: A National Study on the Perspectives of Nonprofit Board Chairs (2016)

http://allianceonline.org/page/resources

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Role of the Chair

- High Emotional Intelligence
- Facilitation skills
- Ability to have difficult conversations
- A good "translator"/Intermediary
- Don't be the "boss."
- Listen more than you talk.
- Set the tone.
- Hold everyone accountable
  - Praise in public
  - Scold in private
- Be ruthless with the agenda
- Level up your skills

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Role of the Chair

"Issues" that Arise:

- Crisis Management
- CEO Termination
- Managing Competing Blocks – building consensus
- Directors placing personal interest above the CU
- Others? _____

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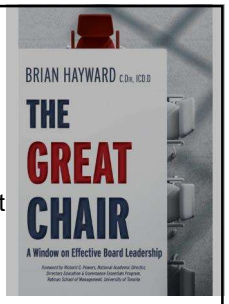
How We Will Work



The CEO & Sr. Management

- Will work through the chair to set the agenda and structure of meetings. Meetings shall be at the call of the chair with notification by the corporate secretary.
- Will consult with the board chair and chair of the audit to establish critical agenda items.
- Will ensure board materials are sent at least five days in advance – visuals used at board meetings will be summary version, and focus on issues, risks and the implication of choices.
- Will consult with the board chair or audit chair if the issues are complex and materials.
- Will look for direction from the board – the individual directors.
- Will question /challenge the board – in meetings or via the chair between meetings – to the extent board policy and direction is less than fully clear.

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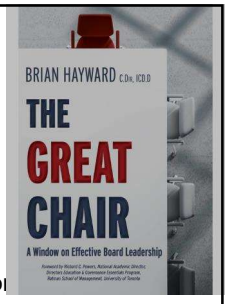
How We Will Work



Individual Directors

- Will have read materials before the meeting.
- Will focus questions and discussion on understanding, to advance to a decision point.
- Will be prepared to make decisions that provide management with collective board directio
- Will support management and the CEO – individually and collectively – to ensure that those board decisions, once made, are advanced as effectively as possible.
- Will engage the CEO and management "off-line" to gain supplementary education/understanding of the company and issues – in support of board decisions.
- Will work with – and through – the board chair and audit chair to identify emerging issues and concerns.

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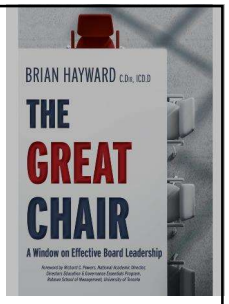
How We Will Work



The Board & Senior Management … Together

- Honesty and integrity are essential in all our relationships and will never be compromised.
- We are results oriented – not political.
- We are team players – no "egos." A confrontational style is not appropriate. We value loyalty – the organization and the people who honor us by being our colleagues.
- We are hard-working but not at the expense of our families.
- We always look at opportunities but emphasize downside protection and look for ways to minimize loss of capital.
- We are entrepreneurial. We encourage calculated risk-taking. It is all right to fail, but we should learn from our mistakes.
- We will never bet the company on an y project or acquisition.
- We believe in having fun – at work!

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Visionary Leadership from the CEO

CEO can't just manage.
Can't just carry out Board's direction

CEO must be an entrepreneur!

If you don't have this…you won't move forward

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You Are Part of the Governance Team

One Team

Three Parts

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Carry out day to day operations of the business

Provide day to day and visionary leadership

Communicate to Board

No Surprises

Represent the member/owners

Hire and support a competent CEO

Hold CEO accountable to expectations

Ensure efficient use of resources

Communicate to member/owners

No Surprises

Trust the other two but verify

Ensure financial statements are 'reasonable' (audit)

Determine if Internal controls are adequate (audit)

Hire and cultivate a relationship with a competent outside audit firm

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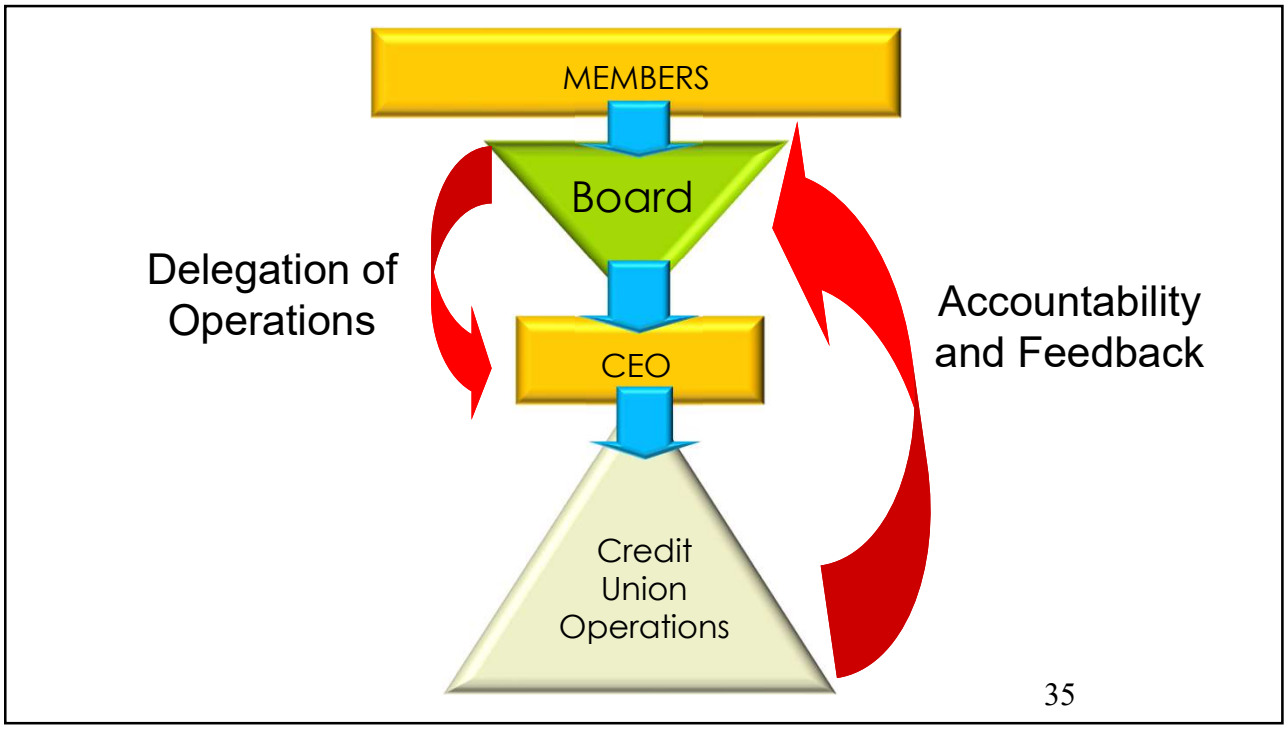

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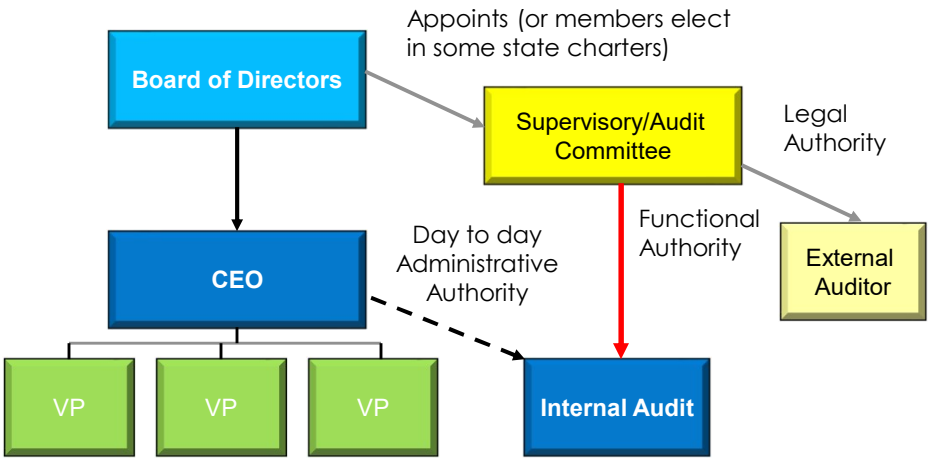
Best Practice Structure per the Institute of Internal Auditors



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What's the Board's Role?

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What is the Board's Role?

The Board does not exist to advise the CEO…

…*but to form the accountability link between the owner/members and the operators.*

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What is the Board's Role? Simple

- Ensure there is a Strategy Moving Forward
- Employ and empower a competent CEO to carry out the Strategy

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What is the Board's Role? More Complex

- Ensure Vision/Plan for the future
- Oversee and guide the credit union so that the members' assets are as safe and productive as possible.
- Hire/replace CEO
- Provide supportive oversight between hire and replace
- Remain independent of management

The role is to govern, not to operate the credit union

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What is the Board's Role?

One more very important thing…

To protect CEO from individual directors

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The Board is where
all authority resides
until some of it
is delegated to others.

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And the Board delegates
nearly all
operational authority
to the CEO

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Where there is Responsibility

You must also give Authority.

But there must be Accountability

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Start all over again!

The Governance Process

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Alignment with Strategy

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How a Board Governs Effectively

- CEO is the single point of delegation from the Board
  - Board has one employee
  - CEO has one boss, Board as a 'whole'
- CEO is accountable for meeting the Pre-established expectations (Ends)
- CEO must be delegated all the authority needed to match this level of responsibility (Means)

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Governance is working "Outside the Box"

Purpose, Vision, Values, Plans, Goals, Policies

Operations at the control of CEO

Member survey
Staff survey
Mystery Shops
Fraud hotline

Monthly reports
Dash board
Other reports
Competitive analysis

External Audit
Internal Audit
Regulatory Exam

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Governance is working "Outside the Box"

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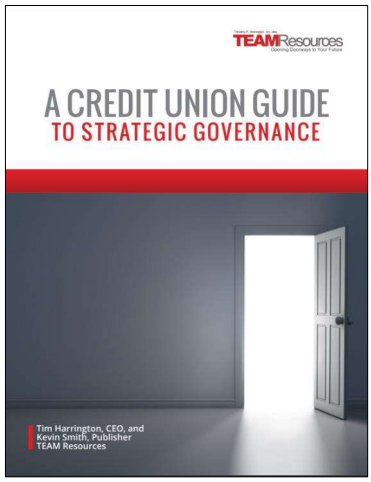
Thoughts about Strategic Governance Methodology



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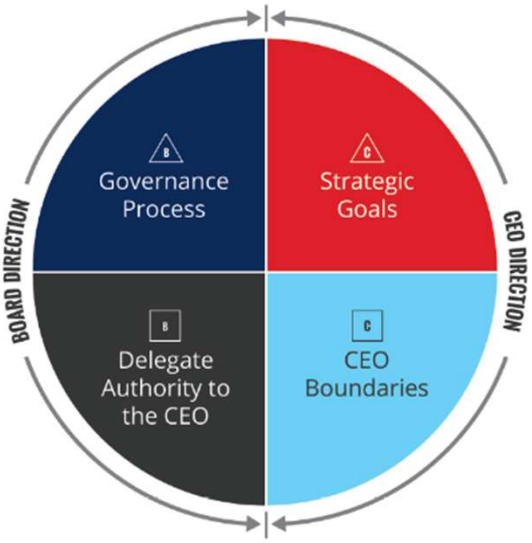
Effective GOVERNANCE Process



Four Quadrants of Governance

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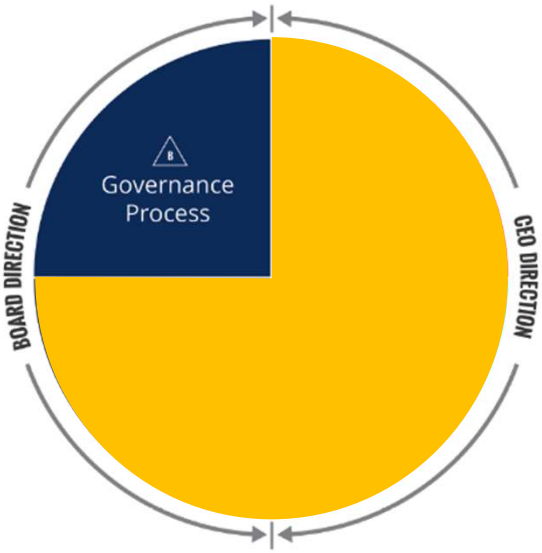
GOVERNANCE Process

Where the board takes care of itself:

Skills
Succession Planning
Self-evaluations
Board Education Plans

Where culture/style of the board is decided.



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"Board must be in full control of its own job before presuming to control anything else." *John Carver*

Board must stay focused on big issues of Strategy and Governance

Board must be disciplined in this process and not allow itself to stray.

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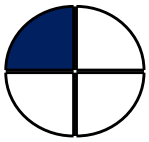
Governance Process
Direction for the Board



Governance Process Defined

- *How the board represents the "member owners" and provides strategic leadership to the organization.*

A Basic Job Description

- *Represents Ownership (no one else is charged with this)*
- *Creates and follows it own Governance Policies*
- *Assures Executive Performance*
- *Hold selves (Board) accountable*

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Governance Policy Ideas

1. The overriding purpose of the board is to help management substitute foresight for hindsight. To accomplish this purpose, the board participates with management as a team in:

- developing and maintaining a Strategic Plan — the board's highest-level policy
- reviewing the Business Plan — management's roadmap for the operation
- reviewing strategic issues regularly at board meetings and at retreats
- regularly reviewing and updating these governance policies to guide the CEO

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Governance Policy Ideas

2. The board hires, directs, and holds accountable its only employee, the CEO. The CEO is chief executive officer with real executive powers granted through this body of policies. These governance polices aggressively define as operations any function that a competent and trusted CEO can and should do without input or interference from the Board.

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Governance Policy Ideas

4. The Board can feel it has done well when the Members rate the credit union highly in market surveys, when key financial ratios are strong, and when the regulators report that the credit union is in “safe and sound” financial condition.
5. The Board will evaluate its own performance regularly.

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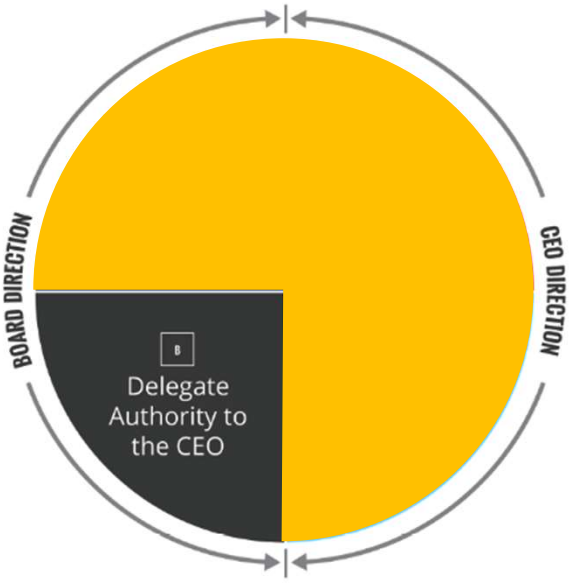
Delegation of Authority to CEO

The board clarifies relationship with CEO:

- One employee: the CEO.
- Board speaks with one voice, not as individuals.
- No one director may give directions to the CEO – only the board as a whole.
- Board ensures strategy – CEO is responsible for executing it.



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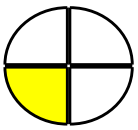
Delegation Authority to CEO
Limitations on the Board



Board-CEO Relationship Defined

- *Clear delegation of authority to the CEO and how success is assessed*

General Principles

- *CEO accountable to the board as a whole*
- *The board has only one "employee" - CEO*
- *The CEO's work is measured by results – Not Style*
- *Board members and the CEO are colleagues*
  - *But Board as whole is superior*

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Relationship to CEO

Whole board is unambiguously the CEO's superior,

not his/her advisor or social partner

The BOARD is the CEO's superior,

not the chair!

But, board and CEO must act as colleagues!

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Delegation example

3. The CEO is accountable only to the Board as a whole. Not to any individual director. Only officially passed motions of the Board are binding on the CEO. Individual Board Member requests or comments will not be considered as binding.

   Decisions or instructions of individual Board members, officers, or committees are suggestions only and will not be binding on the CEO except in rare instances when the Board has specifically authorized such exercise of authority.

   Individual Board Members, including the Chair of the Board, are peers of the CEO, nothing more. Authority resides in the Board as a whole. If the CEO feels he/she has received an instruction from an individual director or group of directors, the CEO may ask that the board approve such a request.

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Division of Roles and Responsibilities

On major and ordinary decisions, who is responsible?

- Board?
- CEO?
- Both?

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Consider Developing a Roles and Responsibilities Matrix

Area of Decision	CEO Responsibility	Board Responsibility
Compensation and HR Issues		
CEO Salaries, beneifts and other related compensation issues		Board only
Staff salaries, beneifts and other related compensation issues	CEO - governed by budget, values and limitations	
Defined benefit and annual bonus contribution	CEO and Board work together	CEO and Board work together
Oversight of CEO including hiring, termination, discipline		Board only
Management of staff including hiring, termination, discipline	CEO only	
Management of Senior Management Team hiring, termination, discipline	CEO only	Inform Board at or before next board meeting
Annual Staff Evalutions	CEO only	
Changing staffing numbers or Organization Chart	CEO - governed by budget, values and limitations	
Staff Training	CEO - governed by budget, values and limitations	
Development of staff goals	CEO only	
Writing, updating and changing management policies	CEO only	
Writing, updating and changing procedures	CEO only	
Staff deportment and dress code	CEO only	
Staff scheduling	CEO only	

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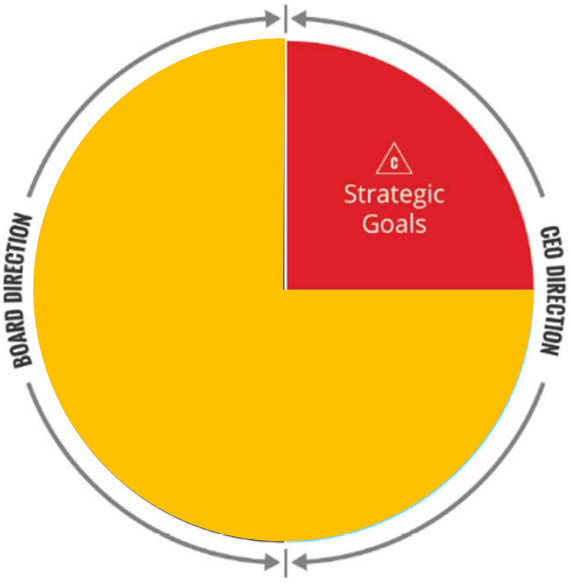
Strategic Goals

The board details those things that it wants to accomplish as a credit union.

The board shares these goals with the CEO so that the CEO can achieve them.



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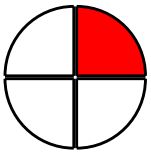
Strategic Goals
Direction for the CEO



Using Purpose & Strategy to Guide CU

- *The human needs the organization intends to meet*
- *Key Drivers to achieve our purpose*

Key Questions

- *What is our Purpose?*
- *Who is our target?*
- *What does the member need and value?*
- *What is our strategic plan?*

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Strategic Goals – End Results

Board's communication of what it expects the CEO to Achieve

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End Results…expressed through

- Purpose - Reason for existence. The “Why”
- Vision – What it will look like. Helps others see what you see
- Values – What we hold true to
- Strategic Plan with Measurements – the “How”
- Governance Policies
- By-Laws
- Ethics/Conflict of Interest Policies

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Developing a Strategic Mindset

Directors need to **develop a Strategic Mindset**.

- Promote and protect the **PURPOSE** of the credit union
- Creating accountability for the CEO to carry out the PLAN!

If you aren’t in a strategic mindset,
you become an *Operations Oversight Committee*
and no competent CEO needs that sort of help

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Governance Depends on the Right Information

CONCISE: Communicated quickly and briefly

MEANINGFUL: Ties to something significant, such as a goal.

BALANCED: Includes positive and negative facts

TIMELY: Recent and relevant to current agenda

RELEVANT TO RESPONSIBILITIES: Helps board discharge its responsibilities

BEST AVAILABLE: Realizing we will never get perfect information

GRAPHIC PRESENTATION: A picture is worth 1,000 words

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How do you monitor the CEO?

- Monthly Reports
- Internal Audit Reports
- External Audit Reports
- Regulatory Exam Reports
- Staff Surveys
- Member Surveys
- Policy Audits
- MBWA/Common Sense

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How do we know our information is reliable?

1. Trust but verify
2. Understand what is reasonable
3. Calibration:
   a. External Audit
   b. Internal Audit
   c. Regulatory Exam give you some assurance
4. Third party review may be needed on occasion

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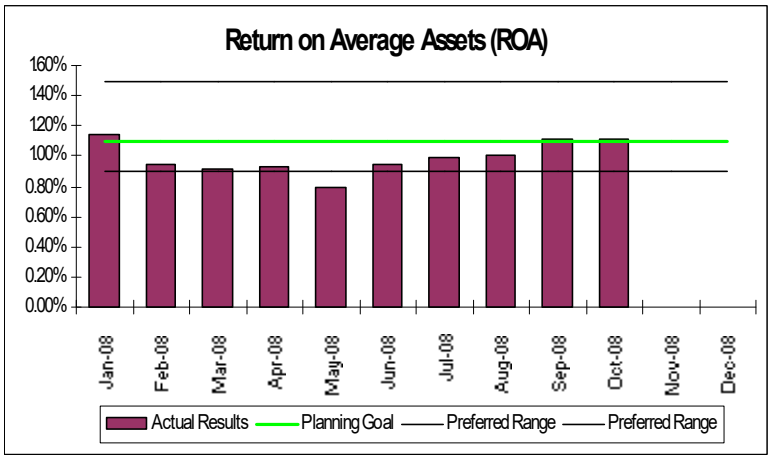
Monitoring Financial Goals - Graphs



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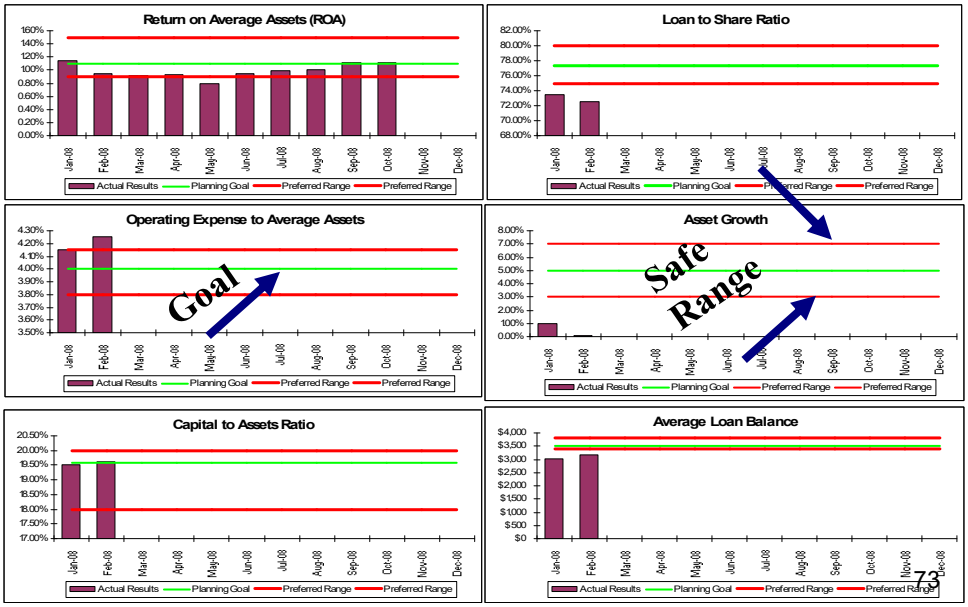
Using a Dashboard



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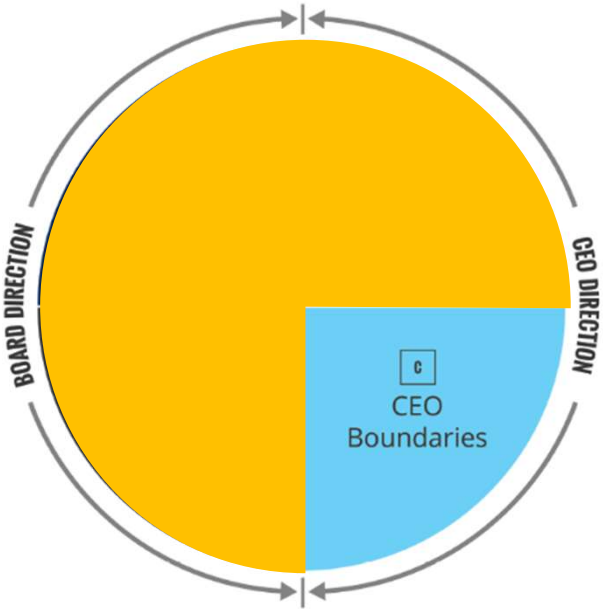
CEO Boundaries



Here the board defines the restraints for the CEO.

These are the things that the CEO & CU CANNOT do.

"Proactive Restraint"

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Who Owns CU Risk

Board establishes risk appetite

CEO and Management carries out and monitors risk

Supervisory Committee monitors management

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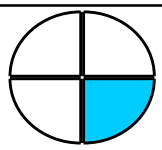
CEO Boundaries
What the CEO Can't Do



CEO Boundaries Defined

- *Things the CEO may not do or allow to happen (practices, activities, methods)*

Areas of Focus

- *Effectiveness and responsibility*
- *Control through proactive constraint (What CEO can't do)*
- *No Board involvement in details (30,000 foot level)*
- *Address common board concerns about:*
  - *Personnel, financial condition, asset protection, compensation and benefits, budgeting*

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CEO Boundaries

Board's expression to CEO of boundaries limiting acceptable managerial processes and decisions

(i.e. what would be unacceptable).

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Boundaries Examples

The CEO shall not cause or allow within the CU any decision, activity, or organizational circumstance that is unlawful, imprudent or contrary to business and professional ethics.

With respect to the credit union, the CEO shall not cause or allow the deterioration in:

- Financial soundness
- Member satisfaction
- Employee morale

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What Committees Does Your CU Have?

Which ones do you like?

Which ones could you eliminate?

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Recommended Committees

- Governance
- CEO Relations
- Recruiting and Nominating
- Supervisory (required by regulation)

- Executive Committee
- ALCO ???

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Why No Executive Committee?

- Executive Committees either take power a way from the board or from the CEO
- They become a power center
- Their work should be spread between following committees
- Other directors are sidelined
- With instant communication, old “emergency” reason has disappeared

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Recommended Committees

Governance Committee

- Develop Governance Policies for board approval
- Keep Governance Policies up to date
- Ensure board members obtain necessary education
- Ensure board evaluations and self-evaluations are completed annually
- Maintain Governance Calendar and keep board on schedule
- Hold directors accountable for their self- improvement

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Recommended Committees

CEO Relations Committee

- Remain in touch with CEO on important issues
- Ensure the board evaluates the CEO at least annually
- Monitor and plan CEO Compensation issues
  - Salary via comparison or other process
  - Retirement
  - Deferred Compensation – Golden Handcuffs
  - Incentive compensation – best if linked to Strategic Plan
- Work with CEO on Annual Strategic Planning Process

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Recommended Committees

Recruiting/Nominating Committee

- Actively identify and recruit potentially qualified candidates
- Review evaluations of board members
- Annually review potential board candidates
- Nominate qualified candidates
- Responsible for orientation of new board members

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Committees to Consider

ALM or ALM Oversight Committee

Cybersecurity Committee

Risk Oversight Committee

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Incumbent Director Re-nomination Checklist

Director Name: _____ Year: _____
Score the incumbent for each of the categories using the following:
3 = Exceeds standards
2 = Acceptable: Meets minimum standards
1 = Unacceptable: Does not meet minimum standards

Re-nomination of an existing Director
A. Knowledge and Effort to Obtain Knowledge

1. The incumbent appears to be aware of our Strategy. ☐
2. The incumbent appears to understand our Financial Condition. ☐
3. The incumbent appears to understand Financial Ratios. ☐
4. The incumbent honors the division between governance issues and operational issues. ☐
5. The incumbent has taken advantage of outside educational opportunities. ☐
6. The incumbent had taken advantage of opportunities to learn more about governance. ☐
7. The incumbent has taken advantage of opportunities to learn more about financials and related ratios (financial literacy). ☐
8. The incumbent keeps up with industry trends (through reading, attending conferences, etc.). ☐
9. The incumbent understands and follows policy guidelines established by the board. (Ex. education, involvement, CEO relationships, etc.) ☐

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B. Director Behavior

10. The incumbent comes to meetings prepared. ☐
11. The incumbent exhibits appropriate behavior in meetings. ☐
12. The incumbent exhibits appropriate behavior in dealings with other directors, CEO, staff and members. ☐
13. The incumbent refrains from having personal agendas (that are not in line with the rest of the board or in the best interest of the credit union). ☐
14. The incumbent keeps the interest of the whole credit union in mind. ☐
15. The incumbent treats the CEO and other staff as colleagues (as opposed to subordinates). ☐
16. The incumbent honors the duty to maintain confidentiality of board discussions and corporate issues? ☐
17. The incumbent contributes positively to discussions in a way that is beneficial to the efforts of the board. ☐
18. The incumbent focuses his/her efforts on strategic objectives (vs. operational issues). ☐
19. Value added to the CU & Board, new ideas contributed, above & beyond efforts, new ideas brought from training/education. ☐

Total: ☐

- Total Score below 27 = Not eligible for re-nomination
- Nine or more scores of "1" (Unacceptable) = Not eligible for re-nomination.

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Governance Spectrum

Board too strong

Board too weak

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Micro-Managing Board	Managing Board	Governing Board	Ratifying Board	Failing Board
Board may not trust or respect CEO	Board assumes CEO needs help running org	Board delegates to Competent CEO.	Hire a good CEO and stay out of his/her way	CEO in Control. High or No Board turnover
Board telling CEO what to do or overriding CEO	Board involved in minutiae, manager of CEO	Focused on Strategy, Purpose, Values & results	Organization OK but board has surrendered Governance	Financial soundness issues
Board usurping job of CEO	Board assigns tasks to CEO	Clear division between Ops and Governance	Board approves what CEO brings	Strife and distrust among board and staff
Focus on day-to-day operations. Protecting from CEO	Board hands on and proud of it	Board monitoring gauges of success	Out of touch, complacent, delegating Gov.	Looking to the past, way behind staff
Ignores planning and future. Deals with today	Focus on admin-istration & Ops	Operates on future/strategic level	Stale policies, little accountability	Not strategic, In-fighting or apathy
Primary role is protecting CU and employees	Primary role is making decisions	Primary role is representing "membership"	Primary role is supporting CEO, rubber stamping	Primary role of board is keeping perks

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Micro-Managing Board	Managing Board	Governing Board	Ratifying Board	Failing Board
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1 2 3 4 5 6 7 8 9 10 -9 -8 -7 -6 -5 -4 -3 -2 -1

Board too strong

Board too weak

Where are you?

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Transformation of Governance - 2024

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What do Boards Tend to Focus on?

1. Last month's results (*rear view mirror*)
2. What will the examiners think? (*wrong focus*)
3. Are we taking too much risk? (*right focus, but partial*)
4. We aren't marketing right! (*wrong lane*)

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What Does Your Credit Union Need From You?

2010

Board: Make decisions and Task Management to Carry them out

Executives: Carry out direction of Board

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What Does Your Credit Union Need From You?

2024

Board: Collaborate with Executives to help CU change fast enough to survive

Executives: Collaborate with Board to help CU change fast enough to survive

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"We need banking, but we don't need banks."

Bill Gates

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Opening Doorways to Your Future

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WHO IS OUT TO EAT YOUR LUNCH?

venmo

acorns

robinhood

Cash App

chime®

SoFi

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MOVE BEYOND FEAR!

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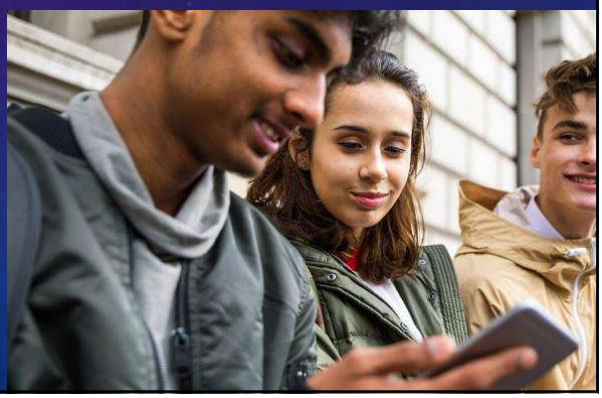
Reputation Risk!

Your Biggest Reputation Risk is
Not changing fast enough
For Gen Y and Gen Z
to notice you



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Future Forward Leaders

1. ***Are Futurists***
2. ***Don't Caretake the Company: They Push it Forward on Purpose***
3. ***Become Digital Enthusiasts***
4. ***Embrace Innovation***
5. ***Accept Failure as Normal***
6. ***Govern Strategically (Board)***

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Future Forward Leaders are Futurists

Boards don't need to be ***Operations Overseers***

*Executives don't' need to **keep Boards out of Strategy** because Board's don't "get" the business*

They do need to work together to determine where the market is going and how to serve it

"A great hockey player skates where the puck is going to be."

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Future Forward Leaders are Futurists

- *Think Five Years ahead*
- *Guess! where the market it is going…and* ***make a decision***
- *Know! what your consumer is doing (Data)*
- *Focus on Establishing Excellence or Market Advantage in something*
- *Take Significant Action!!!*

"Its worth reminding ourselves that no one really knows exactly where this is going." Adam Crozier, Chair of Whitbread. A British hotel chain

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RISK is **NOT** a 4-letter word…

Ok, well, it actually is.

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Future Forward Leaders are Futurists

Risk Intelligence

- Risk Aversion kills the company…slowly
- Risk Madness kills the company… quickly

Find the Goldilocks Zone of Risk Intelligence

- A culture of Fast Failure
- Unafraid to learn from mistakes
- Measured, Monitored and Respond
- This is "just right" for us

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"Directors and Executives need to rethink their roles and their attitude to risk."

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Future Forward Leaders Don't *Caretake* the Company: They Push it Forward on *PURPOSE*

Complacency is your Greatest Enemy

Your job is not to oversee the safety of the credit union (though that's what the Regulators want you to do)

It is to continue to change and expand the credit union to keep it new, exciting and vital.

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Future Forward Leaders Don't *Caretake* the Company: They Push it Forward on *PURPOSE*

Know your Purpose and Keep it Prominent

- *Use Purpose as your guiding light*
- *Post it where the staff can see it*
- *Post it in the Board room*
- *Put it first on every Agenda to remind you constantly*
- *Use it as a filter as strategic decisions arise*
  - *Ask "Does this discussion have anything to do with our Purpose?"*
- *Require every report contain an opening paragraph on how the report aligns with the Purpose*

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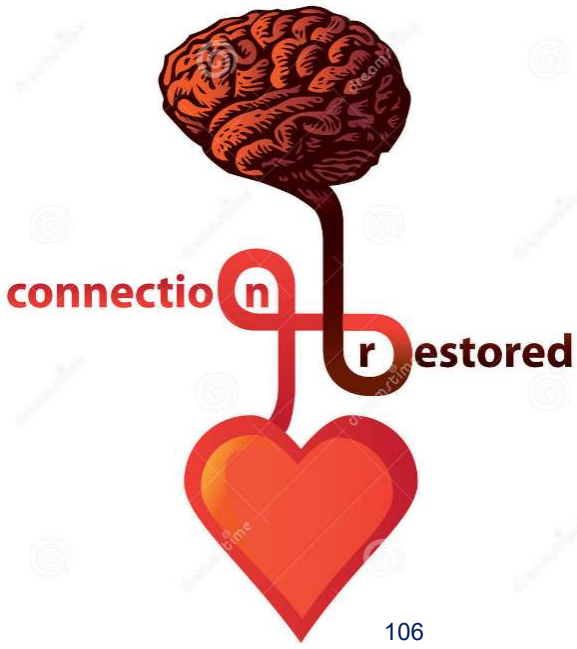
Purpose is what creates the emotional connection between a company and people.

And its the emotional connection that gets people to come back to you



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PURPOSE

The emotional connection starts with staff

Are they enthused?

"Oh my God honey, I'm so excited! I made another A paper loan today."

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PURPOSE

We GET to Make Money
and Help People.

"Give me work that matters, and I'll help you build a business that matters."

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A CUSTOMER WILL NEVER LOVE A COMPANY UNTIL THE EMPLOYEES LOVE IT FIRST.

SIMON SINEK, AUTHOR
START WITH THE WHY

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"COMPANIES THAT HAVE NOT DEVELOPED PURPOSE WITH EMPLOYEES AT THE CENTER MAY FACE CONFLICT ACROSS THE ORGANIZATION. BUSINESS LEADERS NEED TO LISTEN TO THEIR EMPLOYEES FIRST, TO UNDERSTAND THE ISSUES THAT MATTER FOR THEM."

David Evans, Research Analyst at *Reputation Leaders.*

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Purpose Increases Staff Engagement

Level 1: Most basic and least involved. There for the pay and the benefits. End of story.

Level 2: There because they enjoy the work and the people they work with. It's a good place to be and they don't hate being there.

Level 3: There because they believe they are contributing to something important. They're aligned with your purpose, their hard work has a purpose

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Living Your Purpose

- *We don't sell mortgages…**we help people afford their dream home***
- *We don't sell debit cards and checking accounts…**we help people manage their payments conveniently and affordably***
- *We don't collect loans…**we try to assist unfortunate members resolve financial issues***

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Uncovering My Purpose

"When you stop speaking for yourself…and start speaking for them… you will never run out of energy!"

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Opening Doorways to Your Credit Union's Future

We help open doorways to your credit union's future

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Future Forward Leaders Become Digital Enthusiasts

Your Leaders, or at least a majority of them, must:

1. Be Digital Users
2. Be committed to letting go of what got you here
3. Relish staying up with Futurist thinkers
4. Recognize that your market functions VERY DIFFERENTLY than your Execs and Board

What got you here, won't get you there

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Future Forward Leaders Become Digital Enthusiasts

The Digital Age is taking a giant step forward **as Artificial Intelligence:**

1. Writes emails
2. Underwrites loans
3. Creates marketing materials
4. Chooses when to sell an investment
5. Identifying fraud

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If it ain't broke
Don't fix it

If you think it ain't broke,

You don't understand the situation

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We can't really innovate, we're too small. We don't have the resources.

Most organizations stall,
not because of lack of Resources

But because of lack of RESOURCEFULNESS

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Innovation is rarely invention

Innovation is usually making new connections with old ideas

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VIAGRA®
(sildenafil)

122

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Future Forward Leaders Embrace Innovation

1. We must accept "Change or Die"
2. Balance **Growers** vs **Preservers** on Board
3. Innovation isn't just invention. It can be rapid adaptation
4. Board and Execs develop shared assumptions on where market is going
5. Put "innovation" and "creative time" on agenda
6. Teach creativity Master Classes *(Board and Staff)*

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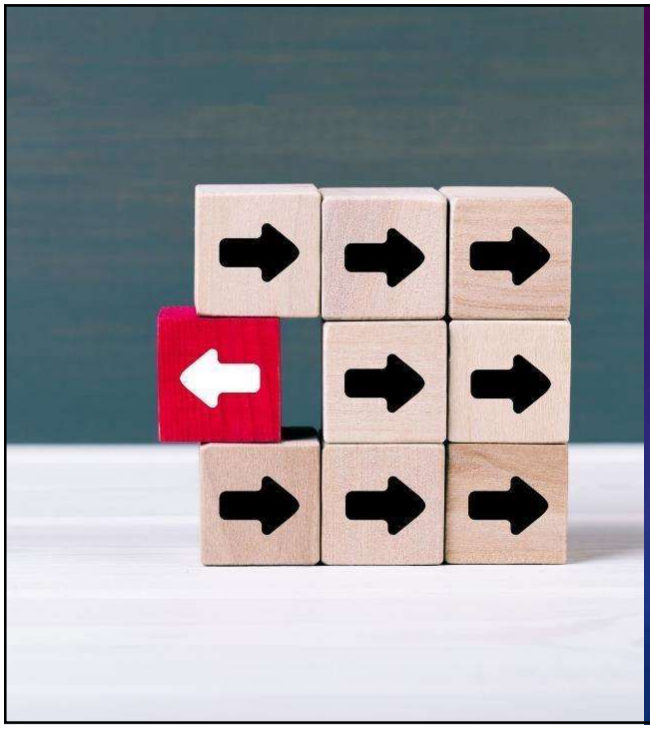

Future Forward Leaders Embrace Innovation

- Re-define partnership between Board and Execs
  - Not hierarchical… but collegial…
  - A sense of shared future and shared innovation
- Management can bring partial ideas to board and work on ideas together. Creates innovation engagement
- Ask probing questions of management about Big Ideas. Not to discourage, but to ensure broad thought.
- **Understand the MOST innovation efforts fail**

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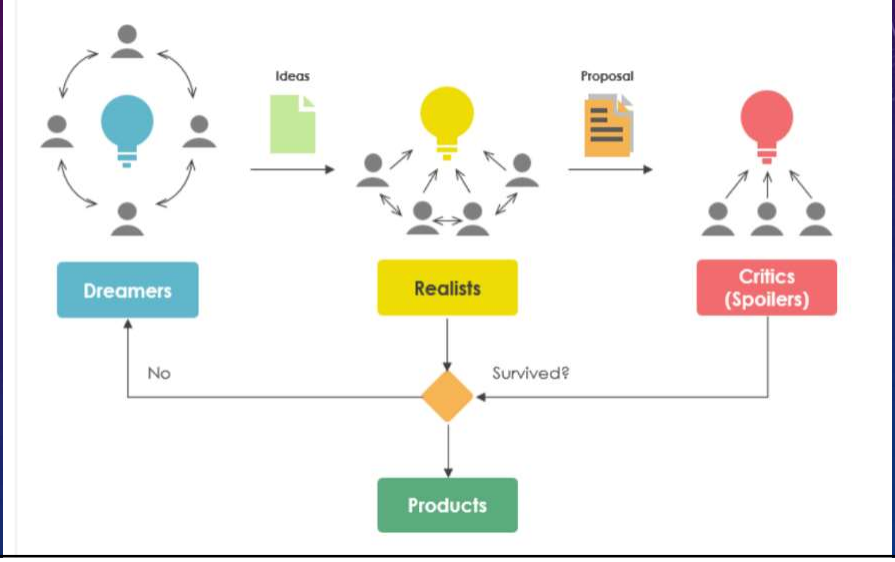
Walt Disney Strategy

"…there were actually three different Walts: the dreamer, the realist, and the critic. You never know which one was coming to your meeting."



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ACCEPT FAILURE

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Future Forward Leaders Accept Failure as Normal

What has been the Board's or Management's response to failure in the past?

A. Apologize
B. Assign blame
C. Avoid talking about it
D. Study the data and see what needs to be fixed

Praiseworthy versus Blameworthy Failure

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Future Forward Leaders Accept Failure as Normal

Fear of Failure is natural…but not helpful.

Fear prevents us from making uncomfortable changes

Courage is not absence of fear, it is acting even with fear

Most innovations FAIL.

"I know worrying works, because none of the stuff I worried about ever happened."

Will Rogers

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Create Circle of Safety

Leadership must allow a Circle of Safety around innovation and innovators.

This allows employees the freedom to try, fail, and learn. Without this, employees won't try.

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Encourage Ideas…Lots of Ideas

"The best predictor of eventual good ideas is lots and lots of bad ones. And those who are best positioned to come up with breakthrough innovations are those who are willing to indulge in lots and lots of failed attempts and wild goose chases."

Jessica Stillman,
"Your Bad Ideas Are More Valuable Than You Think"
Inc.com

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Encourage Ideas…Lots of Ideas

Best Bad Idea Party

- Bring group together
- Set out a problem
- Ask them to play 6ups or Crazy8s
- Let groups share ideas and award "Best Bad Idea"

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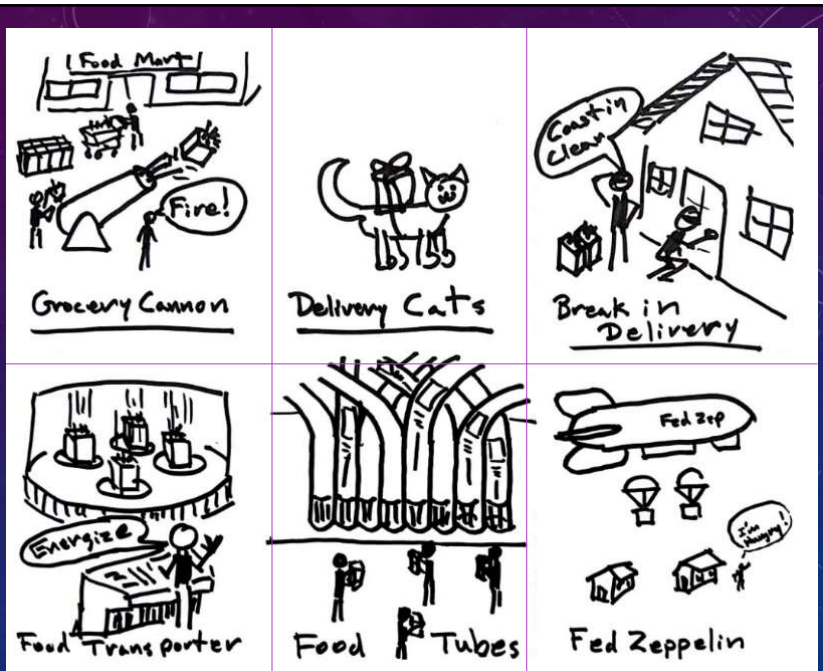
6ups

6 ideas on a page



One person's bad ideas for delivering groceries.

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Encourage Chiefs to Think Creatively …Often

Ask Chiefs to:

- Bring in 5 new ideas every month
- Bring in 5 bad ideas every month
- Spend time with their staff in free-form, brainstorming…NO BAD IDEAS

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FUTURE FORWARD LEADERS GOVERN STRATEGICALLY

The Role of the Board is to ASK Questions, Not Answer Them

- *Spend less time reviewing financial reports*
  - *Look at North Star Metrics…how we are versus where we're going*
- *Spend more time Focusing on Future*
- *Support and question Management: "What if" Questions*

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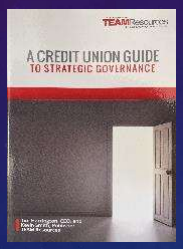
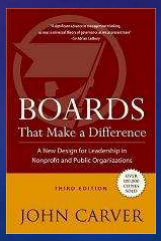
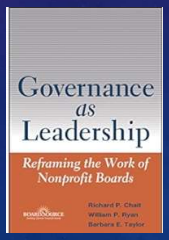
Future Forward Leaders Govern Strategically

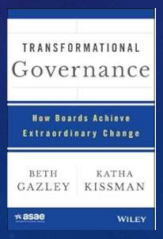
Best Practices for Governance

- *Tim Harrington and Kevin Smith – A Credit Union Guide to Strategic Governance*
- *Ram Charan – Boards That Lead (2015)*
- *John Carver – Boards that Make a Difference*
- *Chait/Ryan/Taylor –Governance as Leadership*
- *Beth Gazeley/Katha Kissman – Transformational Governance*









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Future Forward Leaders Have *Effective* Board Meetings

Peoples' lives are busier than ever

- Spend minimal time on **HISTORICAL**
- Spend maximum time on **STRATEGIC**
- To attract and retain Gen Z and Gen Y directors you've got to make the meetings focused and meaningful
- If your meetings run more than 1½ hours, you're probably in Operations
- Foster discussions and even healthy disagreement

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FUTURE FORWARD LEADERS HAVE *EFFECTIVE* BOARD MEETINGS

Use your available technology

- Request all reports that would normally be verbal to be recorded on Zoom or Microsoft Teams in advance
- Require all participants to review the recorded reports in advance
- Ask Directors to ask questions on the reports and the consent agenda in advance

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FUTURE FORWARD LEADERS HAVE *EFFECTIVE* BOARD MEETINGS

Streamline the Board Packet

- Perform an annual "Spring Cleaning"
- Ask "Why do we need this report?"
- Boards act by majority. If a single director likes a report, ask the board if the "Board" wants to keep the report.

"The report, by its very length, defends itself against the risk of being read."

Winston Churchill

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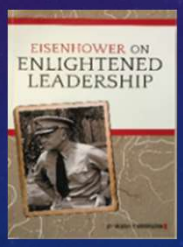
FUTURE FORWARD LEADERS HAVE *EFFECTIVE* BOARD MEETINGS

Engaged Discussions are Valued and Valuable Discussions

- Foster discussion and debate
- Consider appointing a "Conflict Miner"
- Draw out directors who are quiet
- Allow adequate time for viewpoints to be heard



"Never confuse honest dissent with disloyal subversion."

Ike Eisenhower

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IS YOUR BOARD EFFICIENT OR EFFECTIVE?

Efficient: Doing things right.

Effective: *Doing the Right Things!*

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To become a Future Focused Leader, you must:

- Take responsibility to become better
- Push Board and Executives to become better
- Become a Futurist
- Use digital products
- Shed the desire to Manage the CEO (Board)
- Learn to Govern (Board)
- Expect to evaluate and be evaluated
- Use meeting time effectively
- Consider Emeritus status if the changes aren't for you (Board)

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"Life's most persistent and urgent question is: 'What are you doing for others?'"

Dr. Martin Luther King, Jr.

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Opening Doorways to Your Future

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www.TimothyHarrington.net/blog.html

End of Part 1

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NATIONAL ASSOCIATION OF CREDIT UNION CHAIRS

CONNECTING CREDIT UNION BOARD LEADERS

2024 NACUC Leadership Development Seminar

Tim Harrington, CPA ret
And Kevin Smith

Part 2

1

1

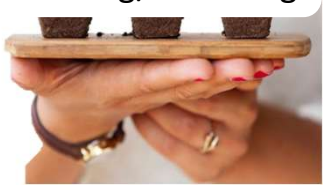
Succession Planning/Recruitment

What I typically see in the industry:

Both are dangerous!

Zero Turnover -
What's Succession?

We'll take anyone
willing/breathing.



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Succession Planning/Recruitment

PROCESS:

1. Create a director's job description that is thorough, mapping out a full year's worth of activities. It should include specifics about your organization as well as the expectations you have for directors, such as:

- How many meetings are required annually
- How much time is expected (roughly) outside of the board room (preparation, self-evaluation, etc.)
- Training/educational requirements (and appropriate budgets)
- Etc.

4

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Succession Planning/Recruitment

2. Create a succession spreadsheet (matrix)
- Discuss with current directors how long they intend to remain on the board.
- List skills that each director brings to the board
- List skills that the board would like to see on the board
  - Look for gaps
- Determine who is to manage recruitment efforts. (It is our opinion that this should be a requirement for ALL directors but is the direct responsibility of the Recruitment & Nominating Committee.)
- Develop an “evergreen” list of potential candidates.
- Consider having both an Associate Director program and an Emeritus Director program.
- Create a template with skills, demographics and tenure.

5

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Succession Planning/Recruitment

Diversity
- Age
- Gender
- Ethnicity
- Professional Experience
- Working Style
- What else?*

How are you achieving this?
Does everyone agree that this is important?

6

6

Diversity
(The value cannot be overstated)

Diversity on Credit Union Boards
From *Formalizing the Art of Board Composition*. Published by the Filene Research Institute

"Defining the ideal makeup of a board when it comes to demographic diversity is a near-impossible task. As with most other elements of good governance, there is no single 'best' practice, but boards need to constantly work on getting it as right as possible. There is no shortage of evidence showing that diverse groups are more effective. Racially diverse groups demonstrate less conformity, or greater independence of thought (Gaither et al. 2017). Boards with directors from diverse professional backgrounds make better decisions in uncertain situations, while homogenous boards increase the risk of organizational failure (Almandoz and Tilcsik 2016). Perhaps most importantly, most groups are entirely unaware of how their inherent biases work against diversity."

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Succession Planning/Recruitment

Have a Discussion About It!!!

Term Limits or Age Limits

We do NOT endorse term limits – we endorse Self-evaluations!

Advantages:
- Good level of turnover
- Prevent stagnation
- 3-4 terms, of 3 years each allows time to learn w/o becoming entrenched
- Age limits also promote turnover & are common in for profit sector

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Succession Planning/Recruitment

Term Limits or Age Limits

Have a Discussion About It!!!

Disadvantages:

- Removes productive directors as well as unproductive ones
- Long learning curve for volunteers

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Succession Planning/Recruitment

Determine where you stand:

Create a spreadsheet of current directors
List:

- Tenure
- Demographics
- Skills
- Estimated time remaining (YES! Ask and get an answer. It's an *estimate*, not a legal document!)

10

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What Do You Have?

Name	Board Tenure	Contributing Skills and Experience	Anticipated Departure Date	Generation
Abbie	39 years	Financial, purchasing, senior management experience, quality management, pilot: future looking	2025-2027	Baby Boom
Bob	38 years	Financial, public administration., senior management experience, CCUV (keep updated on new information in industry)	2024	Baby Boom
Chris	35 years	Financial, Credit Union industry and audit experience, regulatory awareness	2025	Baby Boom
Devin	20 years	Financial (CPA), senior management experience, sees member side, regulatory awareness	2025	Gen X
Elvin	10 years	Financial (CPA), HR, former county Treasurer, senior management experience, other non-profit governance skills	2024-2026	Millenial
Farrah	25 years	Financial, bank expertise, senior management experience	No Set Date	Gen Y
Gertrude	19 years	Chair experience, keep updated on new information in industry, HR, sees member side	2025-2027	Baby Boom
Harriet	13 years	Business owner, building construction knowledge	2026-2028	Baby Boom

What Do You Need?

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Recruitment and Cultivation

- **Recruitment & Nominating -** Standing committee
  - Committee members can be assigned to identify prospects
- Require each board member to **invite one prospect to a board meeting annually**
- **Social media and website**
- Keep banners of **Volunteer Spirit of CUs** in Lobby
- Make the position enticing. Share your passion – and maybe a travel and training budget.

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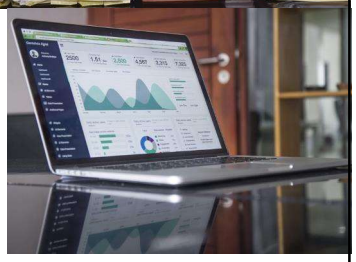
Board Succession

Create collateral (with some help) that make all of this easier:

- Board Job Description
- Expectations
- History of the CU (and the movement)
- Training expectations and budget (be specific)
- Business cards for directors (with links to information)
- Onboarding Schedule
- Mentoring program



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Recruitment and Cultivation

Recruitment and Nominating Committee

- **Recruit** new members and ensure each is equipped with tools and motivation to carry out responsibilities.
- **Assess** board's current composition, identify missing qualities and characteristics
- Draft recruitment plan and continuously **cultivate** new prospects
- Develop **job descriptions** for board members
- **Orient** new members and continue educating all members on their responsibilities
- Ensure that board regularly engages in **self-assessment**

BoardSource.org

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Recruitment and Cultivation

Direct Recruitment

- Identify key needs on the board
  - Financial, H/R, Legal, Management, Sponsor Ambassadors, Community contacts, etc.
- Actively contact prospects and ask them to consider volunteering
- Network (universities, church, work, community organizations)
- Allow **staff** to recommend people they think might make good directors
- Have a job description
- Highlight benefits of CU and Movement

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Preferred (Basic) Board Member Characteristics

- Openness to learning, unlearning and relearning
- Understand the basic financial well-being (or lack thereof) of a credit union
- Willingness to ask penetrating questions RESPECTFULLY
- Ability to disagree diplomatically

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Desired (additional) Board Member Characteristics

Ask yourselves:

What specific traits do you want to see represented on your board?

What do you currently have?

What are the gaps?

- Matrix

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Recruitment and Cultivation

Be prepared to answer these 5 questions

1. What do you want me to do?
2. What info and assistance will be provided?
3. How will I know I'm doing this right?
4. What good is the CU doing?
5. How much time it will take?

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Recruitment and Cultivation

How can we cultivate future directors?

- Ambassador/Advisory/Associate Directors
- Supervisory Committee
- Other Committee

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Succession Planning/Recruitment

Associate Director Program

- "Directors in Training" – people with potential
- Renewable, one-year terms
- Take part in discussion, but cannot vote
- Shortens the learning curve of directors
- Establishes a "good fit" before too much commitment

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Succession Planning/Recruitment

Associate Director Program
Best Practices:

- Active participants vs. passive listeners
- Don't wear them out before giving them a seat
- Let them see viable option for board seat (not endless associate position)
- Provide some perks (i.e. travel/training budget
- Others?

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Succession Planning/Recruitment

Emeritus Director Program

- Honorary seat for retired directors
- Rare (not assumed for ALL members)
- Renewable, one-year terms (some limit this to 3)
- Take part in discussion, but cannot vote

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Succession Planning/Recruitment

Emeritus Director Program

- Creates healthy, intentional turnover
- Maintains knowledge base of the board
- Lessens expectations & demand on a long-serving member

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Succession Planning/Recruitment

What are you doing that we've not covered?

What works well?

What failed?
(Tell us your cautionary tales.)

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- A list of potential candidates
- Some initial discussions, not full recruitment
- Sitting directors must bring to the table based on needs in matrix
- Bring short bio and how they fit the need
- List will change and evolve

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CEO Oversight

Hiring:

- Hiring best CEO the CU can afford is one of most effective board activities
- The link between board vision & the plan
- Good fit for board is crucial

  *Best boards have least experience in hiring!
  (If you have lots of experience hiring, something's wrong.)
- Define & Prioritize Competencies for *your* strategy/culture
- Consider wide range of options (inside & out)
- Embrace change & transition
- Remain independent of outgoing CEO (respecting input)
- Give yourself more time than you think (really)

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CEO Oversight

Relationship Between the Board/CEO:

- Foster strong relationship built on trust & clear communication
- Be careful not to get too “chummy”
- Maintain supportive “skepticism”:
  - Regular informal chats
  - Encourage frankness about failure
  - Get a variety of feedback from a range of sources
  - Be intentional about board/CEO development
  - Speak with one voice

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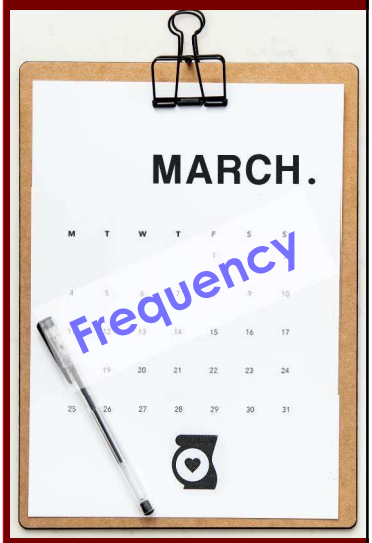
CEO Oversight

Annual Review:

- Shouldn’t be annual (***what?***)

Annual review doesn’t provide time to correct/adjust/achieve

- Periodic feedback at the right level
- Consider quarterly formal check in



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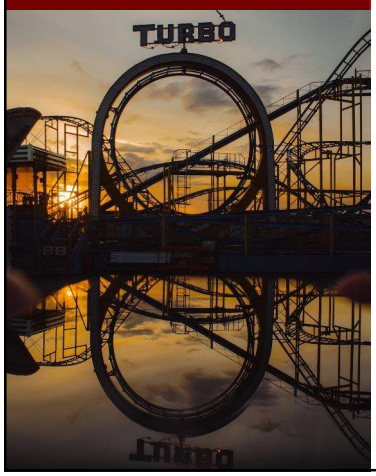
Feedback Loop



Allows for adjustments
(Not excuses)

More transparent

Formative (not summative)

Removes surprises

In line with industry HR best practices (which should hold at the board level as well)

Get the right feedback inputs

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Sample Oversight Measures

I. Strategic and Business Plan Achievement
A. Financial Objectives
B. Marketing Objectives
C. Operational and Delivery Platform Objectives

D. Effective Planning

II. Member Service
A. Member Satisfaction
B. Member Service

III. Leadership of Staff and Credit Union
A. Communication with Staff and Management

B. Innovation

IV. Teamwork
A. Board Relations
B. Management and Staff Relations

V. Regulatory and Policy Compliance
A. Regulatory and Policy Compliance & the Audit Processes
B. Effective Internal Controls

VI. Professional Development (For the CEO)
A. Education/Training
B. Networking

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Subjective vs. Objective Options

1. Use as many objective options as possible.
2. Many "subjective" measures can be put into an objective frame
3. Leave room for some subjective measurement, but add commentary to support the position.
   (i.e. avoid: "I just *feel* like he didn't really earn what the numbers show.")

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CEO Oversight

Areas for Review and Oversight:

- Financials – via dashboard
- Strategic Achievements (what was expected?)
- Staff Morale/Engagement
- Member Surveys
- CPA Audits/ Regulatory Examination

Reward for Success!
Compensate based on industry norms (not on the directors' professional norms).

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CEO Oversight

Succession Planning for CEO

(*We see this gap putting CUs out of business, literally, and too often.)

- Surveys indicate a wave of CU retirements in near future
  (= demand for talent)
- Take care of Emergency Planning First
- Emergency scenarios are temporary
- Think through the domino effect of internal candidates

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CEO Oversight

Considerations for hiring process:

1. Will all board members be included in reviewing candidates?
2. How will a Board/committee narrow down the candidates?
3. Will it be a group interview?
   Or will the second round be multiple interviews with individual board members?
4. Will you be getting input from senior management?

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CEO Oversight

Succession Planning for CEO

- Will we hire internally or externally?
- Do we want to keep the current culture or are we open to a new culture?
- How many potential internal candidates do we currently have?
- What are the strengths and weaknesses of internal candidates?
- Are we prepared to invest in potential candidates' growth? (Professional development classes, stretch assignments, etc.)

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CEO Oversight

Succession Planning for CEO

- Are we realistic about the salary and benefits necessary for a modern candidate with financial services experience?
- What resources will we use for an external candidate search?
- Will we use an executive search firm or go it alone?
- Have we planned for significant time to vet search firms?
- Have we planned for significant time to vet candidates?
- The entire board should be involved, but in which parts?

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Board Orientation

BOARD ORIENTATION OUTLINE

Key Policies
Bylaws
Strategic governance policies
Specific policies of note: Volunteer Education, Membership, Organizational Chart, Travel, Privacy, and Volunteer
Financial Literacy
Code of Conduct and Ethics Policy

Credit Union Background Information
Orientation slide show - history of CU
Purpose and Vision of credit union
Board and CU Values
Strategic Plan document
Business Plan documents
Financials and historical trends
Products and services brochures
Disaster Recovery / Business Continuity

Logistics
Committee structure
Board packet structure
Governance calendar
Meeting schedules
Planning meeting date
Evaluations of Directors
Contact list – Board, Volunteers, Employees
Administrative Assistant (AA) duties and how AA interfaces with Board

Educational Opportunities Available
Volunteer Achievement Program (through CUNA)
CUES Executive Education
NAFCU
Magazines and other resources available
- CU Management
- CU Times
- Creditunions.com
- CUBusiness
- CU Magazine
- CU Journal
- CUinsights.com

Seminars and conferences
- CUES conference schedule
- League training
- CUNA conference schedule
- Other opportunities

Regulatory agencies
State Department of Financial Institutions
Consumer Financial Protection Bureau (CFPB)
Treasury Dept - Office of Thrift Supervision
National Credit Union Administration (NCUA)
Federal Reserve Bank

Industry associations
_____ Credit Union League
CUES - DEF membership benefits
NASCUS
NAFCU
Corporate Credit Union or Correspondent Bank
CUNA
NACUSO
World Council of Credit Unions

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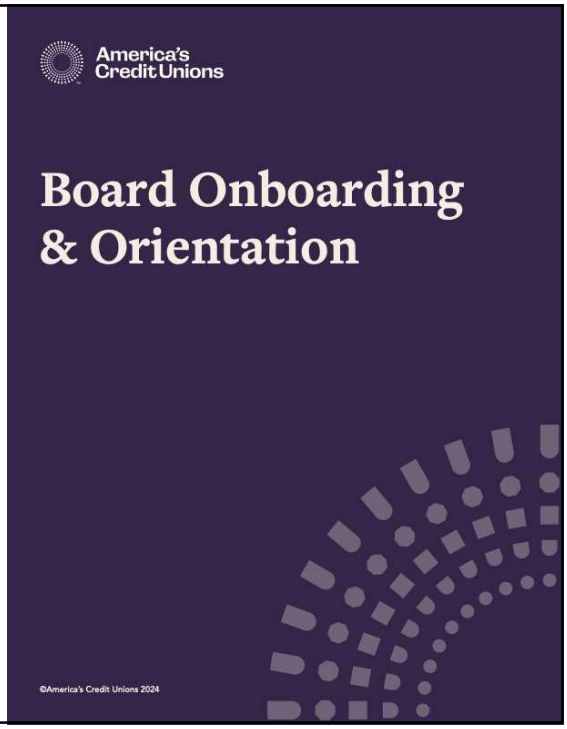

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Training Topics

- The Credit Union Difference
  - The History of Credit Unions and your specific organization
  - Purpose and Financial Well-Being for All
  - Legal Responsibilities
    - Duty of Care
    - Duty of Loyalty
    - Duty of Obedience
  - Terminology and Acronyms
  - Credit Union Financials
  - Risk Management
  - Strategic Planning and Mindset
  - The Governance Approach of the CU
  - Document Access:
    - The Credit Union's Charter
    - Bylaws
    - Governance Policies
    - Board Minutes
    - Strategic Plan
    - Calendar
    - Board/Staff Contact Information

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Board Orientation

- Should be measured in months, not in hours.
- Should NOT be an "information dump"
- Should be "chunked" down in various formats (print, verbal, electronic, observation)
- Should NOT only be generic "board" or "credit union" info.
- Should be customized and include your CU history
- Should NOT be left for the board member to do alone

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Prioritize the Financials
At a bare minimum, directors should have a firm grasp of:

1. Capital to Assets Ratio
2. Spread Analysis
2a. Interest Yield on Assets (interest income ratio)
2b. Cost of Funds (interest expense ratio)
2c. Net Interest Margin (difference)
3. Non-Interest Income ratio (fees, service revenue)
4. Operating expense ratio
5. Provision for Loan Loss ratio
6. Return on Assets (profit ratio)
7. Efficiency Ratio
8a. Delinquency Ratio
8b. Net Charge-off Ratio
9. Loan to Share Ratio
10a. Balance per Member
10b. Profit per Member]

Board Orientation

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Risk Management

Types of Risk:

1. Credit Risk
2. Interest Rate Risk
3. Liquidity Risk
4. Transaction Risk
5. Compliance Risk
6. Strategic Risk
7. Reputation Risk

https://ncua.gov/files/letters-federal-credit-unions/LFCU2002-09.pdf

ERM Components

- Established "Risk Culture"
- Clear Objectives
- Event Identification
- Risk Assessment
- Risk Response
- Control Activities
- Information and Communication
- Monitoring

https://ncua.gov/files/supervisory-letters/LCU2013-12_SupervisoryLetter.pdf

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Board Orientation

What do you recommend? Dos & Don'ts

What would you like to add?

Are you tying orientation back to purpose? Or just making sure everyone knows where the snacks & bathrooms are?

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Board Meetings…

Where Minutes are kept
And Hours are lost

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S.M.A.R.T.E.R. Meetings

S. Start on time
M. Members come prepared
A. Agenda driven
R. Remain informal
T. Timely adjournment
E. Evaluate your meeting for improvement
R. Responsibility is shared for making meetings better

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The Effective Board Meeting

- Put most important items highest on agenda
- Request all reports be written
- Don't rehash written reports unless there is an action item requested on that report
  - If report author wants action, that should be clearly specified in report and agenda

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Board meetings belong to the Board

- The board controls the agenda
- The board controls the attendance
- The board controls the topics and direction
- The CEO is a guest, unless on the board

The board is in charge!!!

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Board meetings belong to the Board

Staff members should be there as a valuable resource

- This is not giving up control,
  it's maintaining proper control

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Transform Routine Board Meetings to *Strategic Board Meetings*

Use the Agenda to keep Directors focused on the PURPOSE

Align the Dash Board (critical measures) to the Purpose and Strategy

- All reports should be **aligned with the strategic purpose**
- Reports should include an **introductory paragraph on how they are helping achieve** the strategic direction or how they fit into the strategic plan

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Transform Routine Board Meetings to *Strategic Board Meetings*

Agenda

Updated Version

Purpose Statement

Board Strategic Overview:

Quarterly training on strategic insights on:

- Environment the credit union is operating in
- Evolving issues effecting the future of the CU

Staff Presentations:

Quarterly staff presentations on:

- Strategic issues faced in their area
- New opportunities arising in products, service and Technology

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Transform Routine Board Meetings ***to Strategic Board Meetings***

Strategic Environment Section: At each meeting, allow time for directors or management to bring issues of strategic importance to the table.

This could be:

- pending issues
- new developments
- Intuitions
- Something learned at a conference, webinar, reading
- market changes
- economic issues, etc.

Spend most of the meeting on these big, important, strategic issues

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Then the Regular Stuff

2. CEO's Corner – new branch on Maple St.
3. Consent Agenda
   a. Board Meeting Minutes – December, 201X
   b. Previous month's financial and data reports
   - Financial reports and Dashboard
   - Membership Report
   - New/closed accounts
   - Charge offs/delinquency
   c. BSA Report
4. Policy Review

7. BTW – Addition of live entertainment at the annual meeting to drive attendance.
8. Board Education – Governance best practices in other nonprofit industries. Case study in association governance. (source, ASAE)
9. Old business – Ongoing discussion of benefits of new core processor.
10. Next meetings:
    a. February 15, 201X
    b. March 23, 201X
11. Adjournment

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The Effective Board Meeting

Consent Agenda

- Hold discipline on this
  - Agenda items are here because they don't add real value or require discussion
  - Only allow discussion if it really allows value
- Put all routine items in this section
- Pull items that require discussion or clarification, then vote on remainder
- Consider even moving this to end of meeting

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The Effective Board Meeting

Leave Time for:

- **Education –** a part of every meeting
- **CEO's Corner –** Time for CEO to talk about those issues that are important to him/her
- **BTW (by the way)**
  - Environmental issues that could impact the credit union

Stop at agreed upon time, items not covered are carried to next meeting

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Link Short-Term Results to Long-Term Goals

At each board meeting and retreat, the board should assess **how short-term results relate to the PURPOSE**.

Are we moving toward our PURPOSE?

Are we treading water?

Are we moving away from our PURPOSE?

Have we lost track of our PURPOSE.

By consistently reminding themselves of PURPOSE, the board can persistently work to keep management aiming toward it.

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Keep Up with Strategic Issues

- Directors should be expected to become knowledgeable about:
  - the credit union/banking world
  - trends affecting the credit union and its competitors.
- Helps board evaluate management actions
- When decision points arise, the directors will be more familiar with the issues and alternatives

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Making the Annual Planning Retreat 'Strategic'

When you get to the annual planning retreat… be **mindful of the WHY**

Find Key Strategies that support the why and focus your limited resources

Avoid steps or strategies that don't focus on the Why

Priorities are only priorities if there are few…3 to 4

Keeping the group focused on the purpose can keep them from "chasing shiny objects."

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Making the Annual Planning Retreat "Strategic"

If you always remember:

- WHY you are here and
- What you're trying to accomplish and,
- What the strategy is to get you there:

Then making decisions is often much easier.

Strategy is as much about saying "No, that doesn't fit,"

As it is about saying "Yes, that fits."

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Start with the Purpose

Agenda

Our Purpose

To help strengthen and build the financial lives of our members

Key Strategic Drivers

1. *Become a Lending Giant to our members*
2. *Provide "Knock-Your-Socks-Off" service to our members*
3. *Provide "Life-Changing" financial education to members*

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Use the WHY as the Filter

The Purpose become a filter

If new opportunities arise:

- "This fits our Purpose perfectly"
- "This has nothing to do with our Purpose."

Requires great discipline and it is the reason behind number using the WHY becomes a great filter…keeps you from "Chasing shiny objects."

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Outside the Boardroom

Can these discussions be managed?

Do they need to be?

How can this be done?

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14 Key Governance Questions

1. Why does this require the Board's attention?
2. What's important for us to know, why is this of interest to the Board?
3. Is this good news or bad news?
4. How will it get us where we want to go?
5. Is management confident that this is the right course of action?
6. What is management planning to do about it?
7. How does this benefit the member?

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14 Key Governance Questions

8. What potential risk does this pose?
9. Could you please explain that to me so I fully understand?
10. How much is this going to cost?
11. Will it cost more to do it or not do it?
12. What is the ROI/
13. How does this align with our Purpose and Strategy?
14. Could you please convince me?

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Key to Successful Governance

Be team workers with Management
while retaining independence from management

And not duplicating management (micro-managing)

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Maintaining Board Discipline

- Everyone's job
- Starts with Chair
- Members can assist
- Best if Board Evaluations are performed routinely

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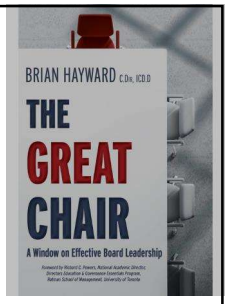
How We Will Work

The Board & Senior Management … Together



- Honesty and integrity are essential in all our relationships and will never be compromise.
- We are results oriented -- not political.
- We are team players – no "egos." A confrontational style is not appropriate. We value loyalty – the organization and the people who honor us by being our colleagues.
- We are hard-working but not at the expense of our families.
- We always look at opportunities but emphasize downside protection and look for ways to minimize loss of capital.
- We are entrepreneurial. We encourage calculated risk-taking. It is all right to fail, but we should learn from our mistakes.
- We will never bet the company on any project or acquisition.
- We believe in having fun – at work!

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Independence of Board

The importance of Executive Sessions

Boards should meet regularly without the CEO present

- Allows candid discussion that may be affected with CEO present
- Allows Boards to recognize their independence
  - BUT: Keep general minutes
- Inform the CEO what the meeting generally covered
- This is not a 'get the CEO' session
- No votes on anything but Compensation and Employment

Required by Sarbanes-Oxley Act 303A(3) …companies must schedule regular executive sessions in which those directors meet without management participation.

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Rules of Executive Session

- Executive Sessions are not Secret Sessions
- Executive Sessions are not to keep members from knowing what their Board is doing
- Executive Sessions are to protect the people being discussed
- Executive Sessions should have vague minutes
- But all votes in executive session should be recorded and made part of the Regular Meeting Minutes
- Many Governance Experts say that the Executive Session should be closed and Regular Meeting be reopened for votes…probably depends on subject

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Value of Executive Session

Boards should meet regularly without the CEO present

- Gives board time to discuss board (governance) issues
- Allows candid discussion that may be stifled with CEO present
- Allows Boards to recognize their independence
- Inform the CEO what the meeting generally covered
- This is not a 'get the CEO' session

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Executive Session – Valid Topics

- A conversation about their CEO or president performance and compensation
- CEO issues including hiring and firing
- Corporate crisis management or emergency meetings
- Litigation and legal advice
- Attorney consultation or legal counsel
- Mergers, acquisitions or transactions
- Improper conduct and disciplinary action
- Meeting with the auditor
- Succession planning
- Off-the-record conversations between the CEO and board

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Calibration Vs. Evaluation Semantics?

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When to Perform Alignment:

1. As a part of regular maintenance

2. When you hit a bump/minor crash

3. When you get new equipment

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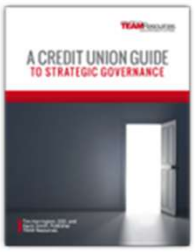
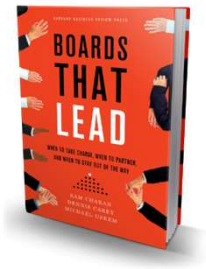
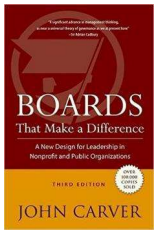
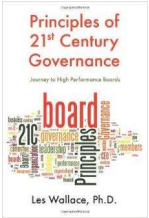
Best Practices for Governance

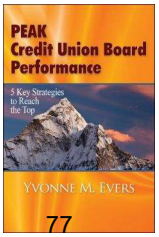
Tim Harrington and Kevin Smith – *A Credit Union Guide to Strategic Governance*
Ram Charan – *Boards That Lead (2015)*
John Carver – *Boards that Make a Difference*
Les Wallace – *21st Century Governance*
Yvonne Evers – *Peak CU Board Performance*











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Filene

REPORT

Entrenched or Energetic? Improving Credit Union Board Renewal

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"Formal and regular board evaluations help boards to identify areas of strength and areas in need of attention. Directors are much more likely to voice concerns through a well-defined and confidential procedure than they are during a board meeting. As a result, formal evaluations can strengthen processes, structures, and decision making on an ongoing basis."

Antonio Spizzirri and Matt Fullbrook

Filene

REPORT

Entrenched or Energetic? Improving Credit Union Board Renewal

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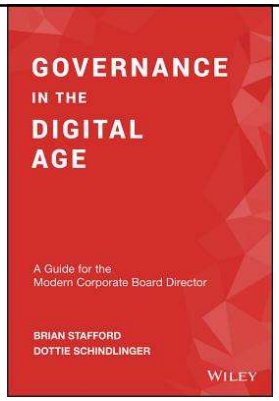

"For processes, director evaluations can be one powerful tool for building board resilience […] Every organization with a board should be conducting annual evaluations, whether they're required to or not."

Governance in the Digital Age: A Guide for the Modern Corporate Board Director, Brian Stafford and Dottie Schindlinger (2019)

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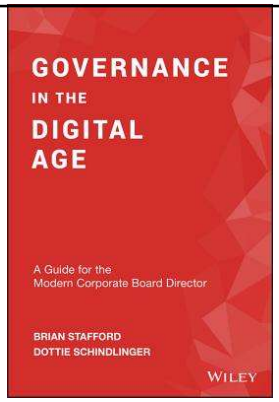

A stronger culture involves fostering respectful inquiry, encouraging (and graciously accepting) constructive criticism, thinking critically, and seeking diverse opinions. It also may involve adopting a "Growth Mindset," as coined by psychologist Carol Dweck, which emphasizes lifelong learning and embracing failures as opportunities for growth.

Governance in the Digital Age: A Guide for the Modern Corporate Board Director, Brian Stafford and Dottie Schindlinger (2019)

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AREA OF BOARD PERFORMANCE RATINGS REPORTED BY EXECUTIVES

Area of Board Performance (Rated on a four-point GPA scale, 0=F, 1=D, 2=C, 3=B, 4=A)	Assessed in past 2 years	Assessed ever	Never assessed	Variance*
Setting the organization's strategic direction	2.68	2.45	2.11	0.57
Monitoring impact in the context of the strategic goals or objectives	2.36	2.17	1.81	0.55
Evaluating the chief executive's performance against goals	2.47	2.15	1.94	0.53
Financial oversight	3.18	3.09	2.68	0.50
Providing guidance to the chief executive	2.72	2.62	2.22	0.50
Thinking strategically as a Board	2.50	2.28	2.05	0.46
Understanding the Board's roles and responsibilities	2.67	2.61	2.26	0.41
Building a diverse and inclusive Board with a commitment to equity	2.00	1.67	1.59	0.40
Level of commitment and involvement	2.77	2.64	2.38	0.40
Monitoring legislative and regulatory issues that have the potential to impact the organization	1.83	1.57	1.47	0.36
Understanding the context in which the organization is working	2.31	2.21	1.97	0.34
Fundraising	1.79	1.60	1.47	0.32
Legal and ethical oversight	2.94	2.94	2.63	0.30
Building relationships within the community that help support and inform the organization's work	2.13	2.05	1.92	0.21
Projecting a positive public image of the organization	3.01	3.04	2.81	0.20
Understanding the organization's mission	3.34	3.26	3.20	0.15
Knowledge of the organization's programs	2.69	2.56	2.54	0.14
Leveraging Board connections and networks to influence public policy decisions that have the potential to impact the organization's work	1.68	1.57	1.56	0.13
Average across all categories of board performance	2.50	2.36	2.15	0.36

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Common Obstacles

The Last Ditch Effort

To get rid of a Board Member

…a non-productive member.

…or an over-productive member. (i.e. a meddler)

The Fear Factor

The Excuses

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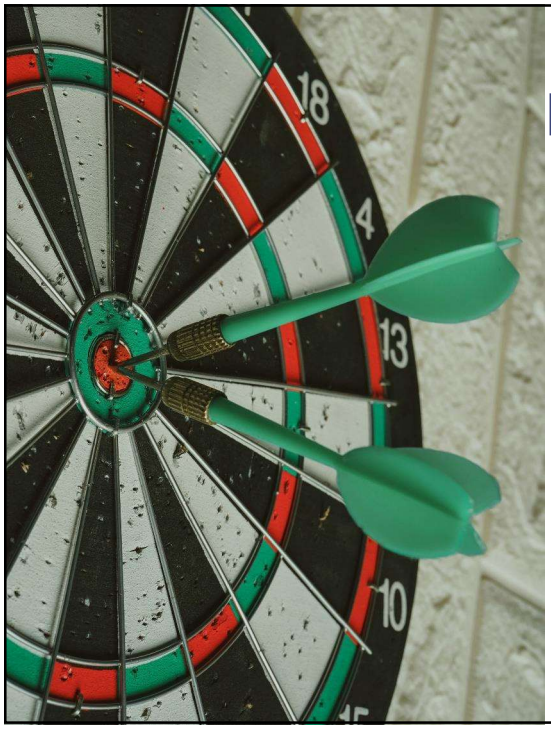

How to Make it Work:

Establish Ground Rules

Get buy-in

Set Goals

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Do it yourself?

Or
Have a facilitator?

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Do it yourself? Or Have a facilitator?

DO IT YOURSELF

Pros:
- An insider knows the board members and how they may react.
- It's faster to work from within.
- It's cheaper.
- Survey tools are cheap (sometimes free)

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Do it yourself? Or Have a facilitator?

DO IT YOURSELF

Cons:
- Board members may hold back and not be totally candid in their comments with a fellow board member running the process.
- If you're unfamiliar with the process the set up and data can be cumbersome.
- If you're doing this for the first time, you may not know where to look in the data for the right information to get good results and analysis. It may take several years to refine the practice (the exception is the monthly meeting evaluation).

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Do it yourself? Or Have a facilitator?

HIRE A FACILITATOR

Pros:

- A facilitator will make the process much easier, handling the practicalities and details.
- An unbiased, third party offers board members a filter and therefore the confidence to be candid.
- The facilitator may compare your data with other surveys of other boards giving you additional information and context.
- A facilitator will know how and where to tease out the most interesting information, red flags, etc., producing more valuable results for your time.

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Do it yourself? Or Have a facilitator?

HIRE A FACILITATOR

Cons:

- Cost
- It may take time to make sure that the facilitator knows/understands your board well enough to make a proper analysis.

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3 Approaches to Self-Evalutions

forteamresources.com/products/free-downloads/

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1. Board Meeting Evaluation

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Board Meeting Structured Review

_____
(Name of CU)

The purpose of this form is to evaluate overall effectiveness of the monthly Board meeting. Please rank the following items on a scale of 1-5 as defined below.

	Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
1) The agenda and materials were provided to all meeting participants in a timely manner	1	2	3	4	5
2) The agenda was clear and sensible	1	2	3	4	5
3) Board packet materials were relevant, focused on strategic issues and/or provided analysis of key strategic measurements	1	2	3	4	5
4) Directors were prepared and involved	1	2	3	4	5
5) Discussions were on target	1	2	3	4	5
6) Directors refrained from discussing Operational Issues (Realm of CEO)	1	2	3	4	5
7) Meeting was focused on Strategic Issues (Board Realm)	1	2	3	4	5
8) Directors looked ahead to ascertain if current Strategic Plan remains relevant	1	2	3	4	5
9) Education was provided, was relevant and was well presented	1	2	3	4	5
10) Chair managed the meeting well	1	2	3	4	5

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2. Board As a Whole Self-Evalution

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Questions: Evaluation Questions for the Board as a Whole

Please use the following ratings:

1 = Well Below Average
2 = Below Average
3 = Average
4 = Above Average
5 = Well above Average

1. Does the board have a full understanding of its responsibilities?
2. Is the board structure clear? (officers, committees, job descriptions)
3. Has the board established clear goals resulting from a relevant and realistic strategic planning process?
4. Does the board stay on the policy and planning level?
5. Does the board engage in micro-managing?
6. Does the board receive regular reports on financial issues, budgets, product and program performance and other important matters?
7. Does the board regularly monitor and evaluate the progress toward strategic goals and product and program performance?
8. Does the board receive appropriate reports and information to measure and monitor risk at the credit union?
9. Does the board effectively represent the credit union to the membership?
10. Does the board effectively represent the credit union to the community?
11. Do board meetings focus on important matters?
12. Does the board regularly evaluate the CEO?
13. Does the board keep internal politics to a minimum?
14. Does the board approach issues with a concern for what is best for the membership and the organization as a whole?
15. Are the necessary skills and diversity represented by the board?
16. Does the board use policy and planning to guide the direction of the CEO?
17. Has the board encouraged a team concept between the board and management?
18. Does a climate of mutual trust exist between the board and the CEO?
19. Does the board accept expressions of differing opinions?
20. Is every board member encouraged to participate in discussions?
21. Does the board keep informed of new laws and/or regulations affecting credit unions?
22. Do directors appear to be aware of the level of risk existing at the credit union?

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Board as a Whole Self-Evaluation
SAMPLE Federal Credit Union - May 2014
Summary by Score

Scores of 4.5 or above indicate a strength that may be exploited.
Scores below 3 indicate a weakness that should be addressed.
Yellow highlighting indicates an area of concern.

Question	1= Well Below Average 2= Below Average 3= Average 4= Above Average 5= Well Above Average **Evaluation Questions for the Board as a Whole:**	Average Score	Score of "5"	Score of "4"	Score of "3"	Score of "2"	Score of "1"
5	Does the Board request and receive regular reports on financial issues, budgets, product and program performance and other important matters?	4.67	14	2	2	0	0
20	Does the Board receive appropriate reports and information to measure and monitor risk at the credit union?	4.50	11	5	2	0	0
2	Is the Board structure clear? (officers, committees, job descriptions)	4.28	9	5	4	0	0
19	Does the Board keep informed of new laws and/or regulations affecting credit unions?	4.17	6	9	3	0	0
1	Does the Board have a full understanding of its responsibilities?	4.11	7	7	3	1	0
21	Do Directors appear to be aware of the level of risk existing at the credit union?	4.00	5	9	3	1	0
7	Does the Board effectively represent the credit union to the membership?	3.82	3	9	4	1	0
12	Does the Board approach issues with a concern for what is best for the membership and the organization as a whole?	3.82	4	7	5	1	0
6	Does the Board regularly monitor and evaluate the progress toward strategic goals and product and program performance?	3.78	4	7	6	1	0
10	Does the Board regularly evaluate and provide direction to the CEO?	3.71	3	7	6	1	0
14	Does the Board use policy and planning to guide the direction of the CEO?	3.65	3	7	5	2	0
8	Does the Board effectively represent the credit union to the community?	3.61	3	6	8	1	0
3	Has the Board established clear goals resulting from a relevant and realistic strategic planning process?	3.56	4	7	2	5	0
11	Does the Board keep internal politics to a minimum?	3.50	2	6	9	1	0
13	Are the necessary skills and diversity represented by the Board?	3.44	1	9	5	3	0
17	Does the Board accept expressions of differing opinions?	3.44	2	5	10	1	0
18	Is every Board member encouraged to participate in discussions?	3.44	[illegible]	[illegible]	[illegible]	[illegible]	1
9	Do Board meetings focus on important matters?	[illegible]	3	5	5	4	0
15	Has the Board encouraged a team concept between the Board and management?	3.39	4	5	4	4	1
16	Does a climate of mutual trust exist between the Board and the CEO?	3.33	2	7	6	1	2
4	Does the Board stay on the policy and planning level or does it engage in micro-managing?	3.06	2	5	5	4	2
	Overall Average for the Board as a Whole:	[illegible]					

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3. Structured Peer Review

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Board Structured Peer Review
SAMPLE Credit Union - May 2014
Peer Review Summary
Scores by Individual Item

Question #	Director 1 Peer Score	Director 1 Self Score	Director 2 Peer Score	Director 2 Self Score	Director 3 Peer Score	Director 3 Self Score	Director 4 Peer Score	Director 4 Self Score	Director 5 Peer Score	Director 5 Self Score	Director 6 Peer Score	Director 6 Self Score	Director 7 Peer Score	Director 7 Self Score	Director 8 Peer Score	Director 8 Self Score	Director 9 Peer Score	Director 9 Self Score	Average score for question for Entire Board
1	3.00	4.0	3.40	3.0	3.20	4.0	3.20	4.0	3.70	3.0	3.70	4.0	3.40	4.0	3.20	3.0	3.60	4.0	3.38
2	3.00	3.0	3.30	3.0	3.20	3.0	3.20	3.0	3.40	3.0	3.30	4.0	3.20	3.0	3.20	3.0	3.22	3.0	3.22
3	2.80	4.0	3.50	3.0	3.00	4.0	3.10	3.0	3.40	3.0	3.40	4.0	3.30	4.0	3.20	3.0	3.56	4.0	3.25
4	2.80	4.0	3.50	4.0	3.40	3.0	3.20	3.0	3.40	3.0	3.50	4.0	3.50	4.0	3.40	3.0	3.44	3.0	3.35
5	2.70	3.0	3.50	4.0	3.10	3.0	2.80	3.0	3.20	3.0	3.30	4.0	3.50	4.0	3.20	3.0	3.11	3.0	3.16
6	2.70	3.0	3.20	3.0	2.90	4.0	3.00	3.0	3.30	3.0	3.30	4.0	3.30	3.0	3.20	3.0	3.44	3.0	3.15
7	3.30	4.0	3.20	3.0	3.30	4.0	3.30	3.0	3.40	3.0	3.40	3.0	3.50	3.0	3.10	3.0	3.33	3.0	3.31
8	2.80	4.0	3.60	3.0	3.00	3.0	3.10	4.0	3.50	3.0	3.40	4.0	3.20	4.0	3.40	4.0	3.44	4.0	3.27
9	3.10	4.0	3.30	3.0	3.30	4.0	3.40	3.0	3.40	3.0	3.40	4.0	3.40	4.0	3.10	3.0	3.33	3.0	3.30
10	3.30	4.0	3.40	3.0	3.20	4.0	3.40	4.0	3.50	3.0	3.50	4.0	3.40	3.0	3.40	3.0	3.44	3.0	3.39
11	3.10	4.0	3.30	3.0	3.20	4.0	3.30	3.0	3.30	3.0	3.20	4.0	3.30	3.0	3.30	4.0	3.44	3.0	3.27
12	3.00	4.0	3.10	3.0	3.10	4.0	3.20	3.0	3.20	3.0	3.30	3.0	3.20	3.0	3.00	3.0	3.22	3.0	3.15
13	2.80	3.0	3.30	3.0	3.10	3.0	3.00	3.0	3.50	2.0	3.70	4.0	3.10	4.0	3.40	3.0	3.67	3.0	3.29
14	3.00	4.0	3.60	4.0	3.30	4.0	3.10	3.0	3.40	3.0	3.50	4.0	3.40	4.0	3.30	3.0	3.67	4.0	3.36
15	2.80	4.0	3.60	3.0	3.30	4.0	3.00	3.0	3.20	2.0	3.40	4.0	3.20	4.0	3.10	4.0	3.44	4.0	3.23
16	3.00	4.0	3.40	3.0	3.10	4.0	3.30	4.0	3.50	3.0	3.40	4.0	3.50	4.0	3.00	3.0	3.33	3.0	3.28
17	3.20	4.0	3.20	3.0	3.20	4.0	3.40	3.0	3.40	3.0	3.40	4.0	3.40	4.0	3.20	3.0	3.33	3.0	3.30
18	3.20	4.0	3.30	3.0	3.20	4.0	3.30	3.0	3.30	3.0	3.30	3.0	3.30	3.0	3.30	3.0	3.33	3.0	3.28
19	3.20	4.0	3.40	3.0	3.20	4.0	3.40	3.0	3.40	3.0	3.30	4.0	3.40	3.0	3.40	3.0	3.44	3.0	3.35
20	3.10	4.0	3.10	3.0	3.20	4.0	3.40	3.0	3.40	3.0	3.30	4.0	3.40	3.0	3.20	3.0	3.44	3.0	3.28
Peer Average	3.00		3.36		3.18		3.21		3.39		3.40		3.35		3.23		3.41		
Self Score		3.80		3.15		3.75		3.20		2.90		3.85		3.55		3.15		3.25	

Overall Board Average: 3.28

Yellow highlights indicate that the Directors Self-Score is 0.50 or more points **HIGHER** than the Peer Average.
This may indicate an area where the Director has a self-perception that is not shared by the Peers.
This may be an area where the Director can learn from the Peers useful information about their functionig as a director.

Bright Green highlights indicate that the Directors Self-Score is 0.50 or more points **LOWER** than the Peer Average.

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Peer Score

Self Score

Peer Average	3.00		3.36		3.18		3.21		3.39		3.40		3.35		3.23		3.41			
Self Score		3.80		3.15		3.75		3.20		2.90		3.85		3.55		3.15		3.25		

Overall Board Average: 3.28

Yellow highlights indicate that the Director's Self-Score is 0.50 or more points **HIGHER** than the Peer Average.
This may indicate an area where the director has a self-perception that is not shared by the peers.
This may be an area where the director can learn from the Peers useful information about their functioning as a director.

Bright Green highlights indicate that the Directors Self-Score is 0.50 or more points **LOWER** than the Peer Average.

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Maintaining Board Discipline

- Everyone's job
- Starts with Chair
- Members can assist
- Best if Board Evaluations are performed routinely

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End of Part 2

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