



**Volunteer
Leadership
Institute - Hawaii**

SUCCESS IN THE BOARDROOM: CULTIVATING AN EFFECTIVE BOARD-CEO DYNAMIC

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Learning Objectives

1. Understand the unique roles, responsibilities, and authority of Board members and CEOs.
2. Discuss elements of effective strategic planning, including the role of the Board and CEO in strategic planning.
3. Understand trends in CEO Succession Planning, including strategies for attracting external or developing internal executives.
4. Identify tools in CEO Evaluation, including structuring motivating goals that fuel incentive compensation, frequency of the CEO Evaluation, and responsibilities and authority of the CEO review.
5. Review trends in CEO compensation, including base, incentive, and other benefits that attract and retain high-performing executives.





Success in the Boardroom: Cultivating An Effective Board-CEO Dynamic

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WORKSHOP OBJECTIVES

-  Understand Roles & Responsibilities
-  Plan for Succession Planning
-  Identify Best Practices in Evaluation
-  Review Compensation Trends

THINK & DISCUSS

- 🌱 What makes an excellent Board?
- 🌱 When is your Board at its best?

Understand Roles & Responsibilities




1

CLARIFY:
Roles &
Responsibilities




Voice of the Membership

-  Elected by the Members
-  Represent Interests of Membership

Volunteer Value Proposition

-  The Why of Volunteering
-  Making Volunteering Meaningful
-  Education & Development




Roles & Responsibilities

-  Board-CEO Authority Matrix
-  Policies for Governance
-  Board = Ideas; Executive = Actions

2

CULTIVATE A
CLIMATE
OF TRUST




CULTIVATE A CLIMATE OF TRUST

-  Separate Person From Position
-  Return to Common Ground
-  Emphasize Social Systems

3

ENGAGE IN
OPEN DISSENT

ENGAGE IN OPEN DISSENT

-  Build In Discussion Time
-  Assign the Role of Dissenter
-  Invite In All Voices

4

COMMIT TO
80/20

COMMIT TO 80/20

WINDSHIELD:

- 🌱 Strategy
- 🌱 Succession Plan
- 🌱 Economy
- 🌱 Consumer Trends
- 🌱 CEO Goals




REARVIEW:

- 🌱 Last Month's Metrics
- 🌱 CEO Evaluation
- 🌱 Last Time We Tried...





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ENSURE
INDIVIDUAL
ACCOUNTABILITY

INDIVIDUAL ACCOUNTABILITY

-  Education & Training Plan
-  Board Member Job Description
-  Meeting Requirements

ON-BOARD EFFECTIVELY

-  Discuss Roles & Responsibilities
-  Set Individual Accountability Plan
-  Committee Assignments
-  Mentorship Matches

6

TAKE TIME TO
SELF
EVALUATE

SELF-EVALUATE

- 🌱 Individual & Group Effectiveness
- 🌱 Meeting Effectiveness
- 🌱 Member Representation
- 🌱 Appropriate Governance

THINK & DISCUSS

-  How will a high-performing Board create success?
-  What is your commitment?

Planning for Succession Planning

THINK & DISCUSS

- 🌱 Is Succession Planning Important?
- 🌱 Should the NCUA Regulate It?
- 🌱 Is Your Succession Plan Sufficient?

Let's Talk: REGULATION

NCUA Proposed Rule

- Written Succession Plan, Reviewed Annually
- Volunteer & Executive Roles (Current/ Planned)
- Specific Timeline, Immediate and Planned
- Recruitment and Development Strategy
- Budget Impact & Financial Planning

Best Practices

- Know Current Executive Goals & Timing
- Plan For the Future. Now.
- Talk Openly About Gaps & Opportunities
- Engage Board and Executives
- Emphasize Diversity in Key Roles
- Keep Up on Market Compensation

SUCCESSION PLANNING CHALLENGES

- Lack of Structured Process
- Difficulty Identifying Successors
- Resistance to Change
- Insufficient Leadership Development
- Retention of Top Talent

THE FUTURE OF SUCCESSION PLANNING

- **Emphasis on developing internal talent**

Investing in comprehensive leadership development programs to groom high-potential employees for future roles.

- **Transitioning to more flexible and agile succession plans**

Adapting succession plans to accommodate evolving business needs and unexpected changes in the industry.

- **Increased focus on diversity and inclusion in leadership succession**

Ensuring a diverse and inclusive talent pipeline to reflect the changing demographics of the credit union membership.


- **Leveraging data and analytics**

Utilizing predictive analytics to identify and assess potential successors based on skills, competencies, and performance data.

- **Enhancing collaboration between outgoing and incoming leaders**

Implementing structured knowledge transfer processes to ensure a smooth transition.

THINK & DISCUSS

-  What is the most critical area for you to emphasize in succession planning and why?

Let's Talk: BEST PRACTICES



Sample Tool

	Immediate	3-Year Plan	6-Year Plan	9-Year Plan
CEO	The CFO can be appointed interim CEO while the Board of Directors works with Humanidei to launch a national search for a replacement. The CFO's planned retirement prevents this from being a long-term succession plan.	The incoming-CFO and current COO and CMO are interested in becoming CEO. Each will be placed in a CEO succession plan and will receive individual coaching to identify areas to strengthen to prepare for the CEO candidacy.	The current CEO intends to retire in 7 years. His current executive team has 5-year development plans that include job rotations that will be completed in years 3, 4, and 5, to provide broader organizational understanding and leadership assessment.	Every member of the credit union's executive team has been tasked with the goal of "Building High Performers" and is mentoring at least two high-potential employees to build skills required for leadership.
CFO	The Director of Finance has already accepted the CFO position upon the current CFO's retirement in 9 months. This move could seamlessly happen immediately, if needed.	Within three years, the current Director of Finance will be the CFO and will be in the CEO succession plan. The new Director of Finance should be hired with the intent to develop for CFO.	Every member of the credit union's executive team has been tasked with the goal of "Building High Performers" and is mentoring at least two high-potential employees to build skills required for leadership. This will fill the CFO pipeline.	A new position in the finance department, financial analyst, has been authorized. The CFO has refined desired competencies to include communication and leadership, consistent with the qualities needed to become CFO. A collaborative relationship with the marketing department will expand skills.
COO	There is no immediate successor in place for the COO. The CMO and CFO could handle these responsibilities on an interim basis, while an external search for a replacement occurs.	The COO's 2020 performance goals include identifying current or hiring new talent and introducing a development plan that identifies a successor prepared to assume the COO role.	Four employees in the Top 10% Cohort have demonstrated they possess skills to become COO. These employees are in 5-year development plans to position them for promotion.	The credit union identified a gap in hiring branch talent looking for career paths. In order to encourage new employees to build long-term careers with the credit union, benefits such as tuition reimbursement and executive coaching are being extended to all levels of employees.
CMO	The Director of Marketing is on year 1 of a 3-year development plan to become CMO. The Director of Marketing could assume this position immediately with the support of an executive coach.	The Director of Marketing is in Year 1 of a 3-Year development plan to become the CMO.	Three positions in the marketing department are held by ambitious, talented professionals. These individuals have development plans to understand financials and strategic planning, in anticipation of growing their careers.	A new position in the marketing department, data analyst, has been authorized. The CMO has refined desired competencies to include communication and leadership, consistent with the qualities needed to become CMO. A collaborative relationship with the finance department will expand skills.

Your Succession Planning SWOT Analysis

STRENGTHS

-  Internal Talent
-  Organizational Culture
-  Career Pathing Programs

WEAKNESSES

- ❁ Lack of Age Diversity in the C-Suite
- ❁ Lack of Interest in the CEO Role
- ❁ No Time for Training




OPPORTUNITIES

- 🌱 Passionate, Committed Staff
- 🌱 Emerging Gen Z Talent
- 🌱 League Leadership Programs
- 🌱 Mergers
- 🌱 New Skills Required

THREATS

- 🌱 Pending Retirements
- 🌱 Gig Economy
- 🌱 Short CEO Tenure
- 🌱 Rising Cost of Salary
- 🌱 New Skills Required

BOARD SUCCESSION PLANNING

-  Board Member Matrix
-  Role of the Nominating Committee
-  Consider Diversity Dimensions

THINK & DISCUSS

-  What is One Thing You Can Do Before Year-End To Elevate Succession Planning?

CEO Evaluation

Three Tenets of Evaluations

- What gets measured, gets DONE.
- What is tolerated, gets REPEATED.
- What is shared during an evaluation should never be a SURPRISE.

Four Alignments

- Strategic Plan (strategy, vision)
- Business Plan (metrics, operations)
- Job Description (expectations)
- Succession Plan (attributes)

Be a “Goldilocks” as a Rater

- Avoid the “halo effect” (too soft)
- Avoid the “horns effect” (too hard)
- Embrace the individual behaviors (just right)

Develop a Consistent Framework

- Create and share the framework with the CEO in advance.
- Use both objective and subjective measures.
- Determine if 360-degree feedback is included.
- Decide on weighting variables in advance.
- Emphasize two-way communication.

Case Study: Scenario

The credit union met all financial metrics in the 2024 business plan. Two of three strategic goals were met; the third will be completed by mid-year 2025.

The Board agrees the CEO holds the subjective attributes as outlined in the succession plan.

The job description indicates the CEO must be involved in the community as evidenced by some level of board service. They have not engaged in the community.

Case Study: Discussion

- What questions do you have for your CEO?
- Does this impact your overall evaluation of them?
- Could this be an alignment issue in your documents rather than a deficit with your CEO?
- What else is coming up for you?

A Compensation Conversation

Thank You

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