

VLI Workshop: Cultivating an Effective Board-CEO Dynamic

Volunteer Commitment Worksheet

As we discuss best practices for volunteers, please complete this worksheet and plan to share your answers.

What makes an excellent board? When is your current board at its best?

Be clear on purpose. Why do you volunteer at your credit union? How does it serve you?

Cultivate a climate of trust. What keeps you from fully sharing your ideas, thoughts, and concerns?

Engage in open dissent. How do you encourage dialogue?

Commit to 80/20. Rate yourself from 1-5 (one being never and five being always) on this question, how likely are you to commit to spending 80% of your board time on future-thinking (windshield) and 20% to past-thinking (rearview)?

Ensure individual accountability. Are you committed to learning more about the credit union industry and what are you doing to build your knowledge base? Do you fully read your board packet prior to coming to the meeting?

Engage in succession planning. Are you actively working on succession planning for your CEO? How about your board?

Recruit with intent. Do you have a board assessment tool? Are you working to find board members to fill needed gaps?



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Onboard effectively. What processes do you have to onboard new board members?

Take time to self-evaluate. Do you regularly (at least annually) evaluate your board using a self-assessment tool?

Repeat all the steps above. Is your board clear on its purpose, cultivating trust, engaging in open dialogue, committed to strategic thinking, taking individual accountability, engaged in succession planning, recruiting with intent, onboarding new board members, and evaluating itself?

Engagement Activity

Commitment statement. Create a personal commitment statement that articulates what you are willing to do to ensure that your board is high-functioning and effective.

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Volunteer Responsibilities

Board of Directors	Supervisory Committee
Duties	
<ul style="list-style-type: none"> • Determine long-term plan • Hire, evaluate, and define CEO responsibilities • Approve budgets, capitalization requirements, rates • Monitor financial status and key ratios • Set policies • Ensure CU is compliant • Ensure adequate communication to members • Report to members at annual meeting • Recruit and train new members • Select and retain legal counsel • Contribute to positive public relations • Appoint committee members • Disclose potential conflicts of interest • Commit to code of conduct/ethics • Use credit union services 	<ul style="list-style-type: none"> • Select and engage audit firm • Ensure audit is completed • Verify internal controls • Review actions of board, officers, and committees • Ensure compliance with laws • Review new policies • Report to members at annual meeting • Prepare annual report • Disclose potential conflicts of interest • Commit to code of conduct/ethics • Use credit union services
Descriptors	
<ul style="list-style-type: none"> • Policy makers • CEO's direct supervisor 	<ul style="list-style-type: none"> • "Watchdog" • Audit committee
Skills Needed	
<ul style="list-style-type: none"> • Embrace CU philosophy • Understand basic financial statements • Ability to think and plan strategically • Willing to learn 	<ul style="list-style-type: none"> • Embrace CU philosophy • Familiar with accounting and audit principles • Understand basic financial statements • Willing to learn
Common Pitfalls	
<ul style="list-style-type: none"> • Micromanage • Under-prepared • Lacks strategic thinking • Engage CU staff 	<ul style="list-style-type: none"> • "In the weeds" • Misunderstands role • Oversteps boundaries • Engage CU staff

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Who has the authority to act at your credit union?

Select the answer that best describes the action.

1. Award a bonus to the CEO. **Board** **Supervisory Committee** **CEO**
2. Select an audit firm. **Board** **Supervisory Committee** **CEO**
3. Give staff budgeted raises. **Board** **Supervisory Committee** **CEO**
4. Change CEO evaluation process. **Board** **Supervisory Committee** **CEO**
5. Decide financial institution for credit union transactions. **Board** **Supervisory Committee** **CEO**
6. Hire and terminate credit union employees. **Board** **Supervisory Committee** **CEO**
7. Approve the budget. **Board** **Supervisory Committee** **CEO**
8. Ensure staff training. **Board** **Supervisory Committee** **CEO**
9. Approve hiring an employee for an unbudgeted position. **Board** **Supervisory Committee** **CEO**
10. Hire, terminate, and discipline CEO. **Board** **Supervisory Committee** **CEO**
11. Prepare annual report to membership. **Board** **Supervisory Committee** **CEO**
12. Purchase equipment with budgeted funds. **Board** **Supervisory Committee** **CEO**
13. Recruit and retain new volunteers. **Board** **Supervisory Committee** **CEO**
14. Order repair of property. **Board** **Supervisory Committee** **CEO**
15. Ensure policy reviews. **Board** **Supervisory Committee** **CEO**
16. Create the budget. **Board** **Supervisory Committee** **CEO**
17. Set and review policies. **Board** **Supervisory Committee** **CEO**
18. Evaluate and define CEO responsibilities. **Board** **Supervisory Committee** **CEO**
19. Research and prepare policy recommendations. **Board** **Supervisory Committee** **CEO**
20. Select and retain outside counsel. **Board** **Supervisory Committee** **CEO**
21. Engage audit services. **Board** **Supervisory Committee** **CEO**
22. Function as the spokesperson for the credit union. **Board** **Supervisory Committee** **CEO**
23. Determine long-term strategic direction. **Board** **Supervisory Committee** **CEO**
24. Execute long-term plans. **Board** **Supervisory Committee** **CEO**
25. Review actions of board, officers, and committees. **Board** **Supervisory Committee** **CEO**
26. Report to members at annual meeting. **Board** **Supervisory Committee** **CEO**
27. Change internal procedures. **Board** **Supervisory Committee** **CEO**
28. Ensure regulatory compliance. **Board** **Supervisory Committee** **CEO**
29. Change the credit union's record-keeping system. **Board** **Supervisory Committee** **CEO**
30. Manage daily operations of the credit union. **Board** **Supervisory Committee** **CEO**

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Who has the authority to act at your credit union?

Answer Sheet

1. Award a bonus to the CEO. **(Board of Directors)**
2. Select an audit firm. **(Supervisory Committee)**
3. Give staff budgeted raises. **(CEO)**
4. Change CEO evaluation process. **(Board of Directors)**
5. Decide the financial institution for credit union transactions. **(Board of Directors)**
6. Hire and terminate credit union employees. **(CEO)**
7. Approve the budget. **(Board of Directors)**
8. Ensure staff training. **(CEO)**
9. Approve hiring an employee for an unbudgeted position. **(Board of Directors)**
10. Hire, terminate, and discipline CEO. **(Board of Directors)**
11. Prepare annual report to membership. **(Supervisory Committee)**
12. Purchase equipment with budgeted funds. **(CEO)**
13. Recruit and retain new volunteers. **(Board of Directors)**
14. Order repair of property. **(CEO)**
15. Ensure policy reviews. **(Supervisory Committee)**
16. Create the budget. **(CEO)**
17. Set and review policies. **(Board of Directors)**
18. Evaluate and define CEO responsibilities. **(Board of Directors)**
19. Research and prepare policy recommendations. **(CEO)**
20. Select and retain outside counsel. **(Board of Directors)**
21. Engage audit services. **(Supervisory Committee)**
22. Function as the spokesperson for the credit union. **(CEO)**
23. Determine long-term strategic direction. **(Board of Directors)**
24. Execute long-term plans. **(CEO)**
25. Review actions of board, officers, and committees. **(Supervisory Committee)**
26. Report to members at annual meeting. **(Board of Directors)**
27. Change internal procedures. **(CEO)**
28. Ensure regulatory compliance. **(Board of Directors/Supervisory Committee)**
29. Change the credit union's computerized record-keeping system. **(CEO)**
30. Manage daily operations of the credit union. **(CEO)**

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SAMPLE: CEO Evaluation Form

Date: (TODAY'S DATE)
To: CU Board of Directors
From: (CHAIR)
Re: CEO Performance Evaluation Process

Process

The annual executive evaluation has been designed to assess the performance of the President/CEO relative to organizational strategic goals as defined by the Board of Directors and executive team. The comprehensive annual evaluation incorporates data from a mid-year Board survey, employee feedback, organizational financial measurements, progress on the organization's strategic plan and specific Executive Goals as outlined by the Board Chair and President/CEO. All components are reported to the Board as appropriate.

The Executive Goals are used to determine the executive's annual variable pay. The combined results of all feedback tools are used by the Board Chair to recommend an annual base salary adjustment. The Executive Performance Scoring Worksheet provides an overall evaluation that serves as the basis for merit-based increases. This worksheet is used to incorporate feedback and data from various sources, including the Board survey and employee feedback that measures areas such as industry engagement, candid communication, approach to innovation, strategic acumen, and a coaching mindset. Our partner, Humanidei, will administer elements of the evaluation and facilitate the process.

For the annual incentive bonus paid for 2023, the amount will be up to 10% of the President/CEO salary, based on performance from September 2022 through September 2023. In subsequent years, the incentive bonus will be between 15% and 20% and be based on calendar year performance.

Schedule:

- 1st Quarter:** Board and the President/CEO confirm CEO Evaluation Criteria.
Annual strategic priorities are confirmed through strategic planning discussions.
Progress on the strategic plan is reported at each board meeting.
- July:** The President/CEO will provide a summary of accomplishments (self-evaluation).
- 3rd Quarter:** Board survey completed
Written summary of mid-year review provided to CEO.
- Year-End:** The President/CEO will provide a summary of accomplishments (self-evaluation).
Final review is presented to the full Board for their approval.
Final review is delivered to the President/CEO by the Chair
The completion of the annual review process is reported to the Board and recorded in the minutes of the executive session.

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2024 Draft Executive Goal Criteria

For meeting the goals outlined below, the Executive will receive full incentive compensation of 30%. All factors should be scored on a scale of 0-3 where 3 indicates expectations were met.

1. **Ensure organizational financial stability** **40%**
Supporting Metrics:
 - A. Manage to budget.
 - B. Allocate resources for efficiency and to leverage for opportunities that present.

Score: _____ (Score/3 x .4 = % of bonus earned) _____/40% possible

2. **Create an engaged workforce, excited to work for Credit Union.** **30%**
Supporting Metrics:
 - A. Engage employees in volunteerism and create baseline for future goals.
 - B. Engage DEI consultant and begin creating a culture of DEI.
 - C. Implement Career Pathing Program.

Score: _____ (Score/3 x .3 = % of bonus earned) _____/30% possible

3. **Create a strong organizational foundation, preparing for future growth.** **20%**
Supporting Metrics:
 - A. Evaluate current technology offerings and prioritize necessary improvements for member service, data usage, and improved employee experience.
 - B. Evaluate current retail branch offerings and identify future branch plans.
 - C. Complete Misison, Vision, Values work and incorporate in strategic planning.

Score: _____ (Score/3 x .2 = % of bonus earned) _____/20% possible

4. **Execute the leadership of Credit Union in a manner consistent with the values, vision, and mission of the credit union.** **10%**
Supporting Metrics:
 - A. Mission, Vision, and Values are defined and approved by the Board and serve as the lens to determine organizational success.
 - B. The President/CEO scans industry trends and proposes innovative ways to serve members.
 - C. The President/CEO builds and maintains a high level of industry involvement through service on industry boards/committees, and formal/informal networking.

Score: _____ (Score/3 x .1 = % of bonus earned) _____/10% possible

Total % Incentive Pay Earned: _____ /100% possible
Earned * 30 = _____ % **Variable Pay Earned**

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2024 Score Worksheet

Executive Performance Scoring Worksheet

This serves as the basis for evaluating and discussing the President/CEO's overall performance and to determine the annual merit increase.

Part 1: Board Evaluation Survey _____/20%

Gathered from individual board member survey.

5 items, each on a 4.0 scale, totaled into a combined average. Ratings reflecting 3 or higher are considered "meets expectations" and will result in full achievement of this section.

Part 2: Financial Performance _____/20%

Gathered from year-end financial projections.

If financial performance is consistent with budget, this should result in full achievement of this section. If the Board approved exceptions to the budget throughout the year or extraordinary circumstances resulted in variance from budget, discretion may be used in scoring.

Part 3: Strategic Plan Performance _____/25%

Management actions toward assuring the strategic plan was met.

Part 4: Executive Goal Criteria _____/20%

See separate worksheet. Use percentage of variable pay earned to calculate this factor. (e.g. If 90% of variable pay was earned, this factor should be $.9 \times 20$ or a score of 18% of 20% total possible.)

Part 5: Commitment to Vision: Values & Approach _____/15%

This element of the evaluation is designed to allow for consideration for the style and manner with which the Executive approached goal achievement and leadership over the performance review period. This section may also take into consideration information provided from direct reports and/or employee surveys.

Total Score: _____/100%

Score Range:	Salary Adjustment
95 - 100%	11% merit increase
90 - 94.9%	7%
85 - 89.9%	6%
80 - 84.9%	5%
75 - 79.9%	3%
Under 75%	No increase

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SAMPLE: Board Survey Tool

2024 Board Survey Tool

Executive Performance Evaluation

This survey represents the opportunity for individual Board members to provide input on CEO performance, specifically providing compliments on strengths and feedback on areas for improvement. Board members will evaluate five items, each on a 4.0 scale, with scores totaled into a combined average. These totals will be considered in identifying the CEO's overall performance evaluation and associated compensation factors. A score of 3 is considered "meets expectations."

Overall Comments:

*This is an opportunity to provide any **general comments or concerns** about executive performance. If there are areas not represented on this survey where you wish to comment, please address them here.*

Section 1: Human Leadership

This category includes employee coaching, succession planning, workforce planning, emotional intelligence, decision-making, individual development, and candid communication.

1 2 3 4

Comments: For scores of 1 or 2, it is required to indicate where the executive fell short of expectations. For scores of 4, you may wish to describe how the executive exceeded your expectations in this area.

Section 2: Strategic Leadership

This category includes financial oversight, business planning, complex analysis, vision, and adaptability to changing circumstances. Execution of strategic planning sessions, the strategic plan, and responding to unexpected events are included in this category.

1 2 3 4

Comments: For scores of 1 or 2, it is required to indicate where the executive fell short of expectations. For scores of 4, you may wish to describe how the executive exceeded your expectations in this area.

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Section 3: Governance Effectiveness

This category includes effective Board relations, Board development and training plans, and committee management. A Board member's feeling of inclusion and communication may be represented here.

1 2 3 4

Comments: For scores of 1 or 2, it is required to indicate where the executive fell short of expectations. For scores of 4, you may wish to describe how the executive exceeded your expectations in this area.

Section 4: Industry Leadership

This category includes industry engagement (Boards, vendors) and regulatory relations. Speaking engagements, volunteerism, and advisory roles may all be represented here.

1 2 3 4

Comments: For scores of 1 or 2, it is required to indicate where the executive fell short of expectations. For scores of 4, you may wish to describe how the executive exceeded your expectations in this area.

Section 5: Community Leadership

This category includes both executive involvement in the community, as well as his encouragement of staff involvement in the community at individual and organizational levels. Community recognition will be represented here.

1 2 3 4

Comments: For scores of 1 or 2, it is required to indicate where the executive fell short of expectations. For scores of 4, you may wish to describe how the executive exceeded your expectations in this area.
