

# CUNA **SMALL CREDIT UNION SUCCESSION PLANNING GUIDE**

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## Introduction: Your Credit Union's Future Hinges on Succession Planning

This Succession Planning Guide has been created to inspire you. To inspire you to imagine your credit union thriving and serving members well into the future. It's also been created to make it simple for you to map out a path to reach that future.

As the leader of a small credit union, you know that nothing drives the organization's success more than YOU. A strong board and a strong CEO or manager is often the determining factor for whether a small credit union will be successful.

Developed in collaboration with credit union leaders across the country, the CUNA Small Credit Union Committee is pleased to share a toolkit that will ensure your credit union has found that all-important leader to drive the organization into its prosperous years ahead. Please note, if your Board has decided to hire a third-party firm to assist the credit union in conducting a search, this guide can still be of great value. Many credit unions have shared their experience on how to find the right candidate, and how to position the organization as a desirable place to work. Take advantage of their insights in this Guide as you work with the firm.

If your credit union doesn't have the resources to hire a third party, we believe this Guide will be a strong option for you that will get you where you want to go.

### Taking this seriously

Creating and executing your credit union's succession plan is probably one of the most important things your credit union's leadership will do. Above all, take this process seriously and make it a priority. Also, while we have streamlined this complex process, this journey to find the next leader of your organization will take time and dedication. It is so important that the full Board is bought in and committed so seeing this process through.

Before we share this easy-to-follow, condensed action plan, we'd like you to take a moment to think about your credit union. About the members you serve with all your passion and energy. About how your personal, one-on-one service allows you to make the best decisions possible on behalf of their financial lives. And about how that work has just simply mattered so much, for so long.

Now think about the young people you know in your life. About the options they have in financial services. Who is looking out for their best financial interests? How does that picture look without credit unions like yours?

Small credit unions are vital to their members and their communities. They're needed now more than ever before. And ensuring that today's small credit unions are overseen by leaders who will steer them into tomorrow is critically important. That's what this tool is for.

Again, thank you for all you've done for your members and for all you've done to position your credit union for success.

It's now time to take that final step and find a successor.

Thank you,

CUNA Small Credit Union Committee

## The 9-Step Process

Let's acknowledge something right off the bat. It's probably not as easy to attract top talent to a small credit union as it is to a larger organization. Depending on your location, the challenges for small credit unions are that, more often than not, they can't match salaries and benefits offered by their larger counterparts. Beyond this, convincing the talented professionals you'd want to lead your organization to move to a smaller market or town can be an insurmountable obstacle.

But the point of this process isn't to focus on the supposed negatives. We're not here to remind you what might hold a candidate back. We're here to highlight and accentuate the reasons why even the most talented professionals would want to work for your small credit union.

This Guide will show you how to accomplish that.

With a Credit Union Profile process to help you understand what's truly important for the credit union's continued success, and a sample job description that paints a picture of a rewarding career (that features unmatched autonomy and an outsized ability to make an impact on people every day, a pair of benefits not many other organizations can boast), this Guide will help turn your organization into one of the most desirable places to work on the job market.

### **This will require your credit union to complete this 9-step process:**

1. Who should be involved? Identifying who will participate in this process.
2. Clarifying **definitively** when the current CEO/manager plans to retire.
3. Who we are ... (current state)
4. ... and where we're going (future state).
5. Creating the Ideal Candidate Profile of the leader who best fits the Board's vision for the future.
6. Your CEO compensation strategy.
7. The search: How, where, and when to post the job description.
8. The interview process and selecting the final candidate.
9. Setting the successful candidate up for success with the proper transition.

We believe that if you follow this simple process, your credit union will be in the best position possible to find its right, next leader, giving your organization its best opportunity to grow and thrive into the future.

We recommend that when you're ready to start this process that you begin with the Checklist & Workbook. Read the first bullet and come back to this Guide to learn more about each task. Remember that a number of the tasks can be completed by the Board or Selection Committee at home. If there's a clear point person or process leader, he or she can facilitate the process, keep the group organized, and minimize the number of meetings the group must have to make decisions.

That being said, this process won't happen overnight. It may take three, four, or maybe even more meetings to be prepared to start advertising for the job opportunity. This Guide and the complementary Checklist & Workbook will keep you on track and make sure that after all that time has been invested, you're in a strong position to hire the next CEO of your credit union.

Good luck!

One final note: This Guide is written with the idea that you are searching for the next CEO of your credit union within a short time frame: Between 6 and 24 months. However, this Guide can be applied to all succession scenarios, including the search for a key employee who you would like to groom to be the next CEO. The advice we give to find and attract candidates, compensation strategies, background checks, it all applies to all key staff positions!

## Step 1: Who Should be Involved?

### Time commitment for this step:

- Dedicated conversation at one board meeting: 30 minutes – 1 hour

The first conversation the current CEO and the Board should have is about the importance of succession planning and about committing to this process. Before you start your work with this Guide, the CEO should schedule a conversation with the Board about the need to begin this journey. It must be acknowledged that it's critical to the success and future viability of the credit union to find a strong leader.

Next, of course, is clarifying who will participate in the search and hiring of the next CEO. Who will be part of the team that will find the next leader of the credit union, and how should that be organized? This will differ from credit union to credit union. Here are your options:

**Board-only approach or Selection Committee:** Some small credit unions will want the Board to drive this decision entirely. Depending on your credit union, this could be the optimal approach, as the presence of the current CEO may limit or discourage conversation about who the ideal next candidate should be, for fear of insulting the CEO. It will also be the Board who ultimately must work with the new CEO. Therefore, the Board should have the strongest investment in the outcome of the search. Depending on the engagement of the Board, either the full Board can participate or a Search Committee can be appointed.

**Board & CEO approach:** We all know that many Boards rely heavily on the guidance of their current managers or CEOs. The CEO may have a unique understanding of what the credit union needs in its next leader, and the Board may have ultimate confidence in the CEO to lead the process forward. Choose this option if the Board would prefer to retain the CEO as an essential part of the planning team. Just remember that occasions may arise when the Board will want to have discussions without the CEO in order to feel comfortable sharing about who they believe should be her or his replacement and why.

**CEO-only approach:** The CEO-only approach should not be considered as completely removing the Board. But the process will look different in that the bulk of the planning and the bulk of this process will be conducted by the CEO with only updates and approvals by the Board, rather than with strong participation and engagement by the Board in the outcome. You probably know whether this approach is right for your credit union. Though we would ask that if your Board isn't willing to participate in one of its most essential responsibilities, whether your current Board members are right for their roles.

Additionally, the Board or Selection Committee will want to appoint a process leader. That can be the current CEO, the Board Chair, or whomever the group believes will do a good job of keeping the process moving forward and organized.

Document your choices for who will participate in this process and who will lead the process forward in the **Checklist & Workbook**.

## Step 2: When is the CEO retiring?

### Time commitment for this step:

- Dedicated conversation at one board meeting: 30 minutes – 1 hour

This discussion should be coupled with the first conversation held with the Board about the importance of succession planning. For outgoing CEOs/managers, there is no advice we can give about when it's the right time to step down.

What is crucial, however, is providing a definitive answer about when precisely, even to the day, that the CEO will be retiring. It will ensure that everyone understands that there is a deadline, and that in order for the credit union to be successful beyond the current CEO's tenure, it must act.

Set a date and commit to it. The credit union and its members will be better off for it.

## Steps 3 & 4: Credit Union Profile

### Time commitment for this step:

- Board members: 30 minutes – 1 hour at home filling out the Credit Union Profile worksheet.
- Process leader/CEO: 1-2 hours collecting responses and creating master document.
- Board members and process leader/CEO: 1-2 hours discussing, finalizing, and approving master Credit Union Profile and narrative.

(This work is “homework” that should be completed by Board members outside of the Board meeting setting. The Board or Selection Committee should not meet to review this until after the process leader has written the Master Credit Union Profile based on Board member responses.)

It’s time to define who you are as a credit union right now and envision where you want to be in the future. What does a future state of success look like and what steps must be taken to get there? Understanding these details will help you identify the right candidates who can take you to the places you want to go.

The following worksheet, found in the **Checklist & Workbook**, should be completed by the Board or Search Committee prior to your dedicated Succession Planning session. Make copies and distribute to the participants in the process either via email or printed out. The process leader will take the answers he or she receives back and create a master document that best represents the beliefs of the Board. If there isn’t consensus on a certain area, incorporate the different perspectives. This documented understanding of all the strengths and attributes of the credit union will help in selecting the right candidate in the steps ahead.



## Credit Union Profile Worksheet Instructions (Found in Checklist & Workbook)

Read each question and examples and respond in the corresponding box in the following worksheet. To keep this process simple, please only provide one answer for each question: your strongest belief as it relates to the current state of the credit union.

Strong agreement in these areas will make the process of identifying the correct candidate much clearer.

### **Question 1: What is the mission of our credit union? In specific terms, what are we trying to accomplish for our members?**

Examples:

To provide our members the most affordable financial products and services possible.

To help members achieve financial stability and security.

To provide personal, meaningful service to our members for their financial services needs.

### **Question 2: What is the most important strategy and tactic our credit union employs to ensure we fulfill that mission?**

Examples:

**Strategy:** Offering a loan portfolio of products that meets the specific needs of our members.

**Tactic:** Constantly examining the credit/financial needs of our members.

**Strategy:** Being a financial resource/support system for our members.

**Tactic:** Employing character-based, but quality and sound underwriting.

**Strategy:** Being as accessible and convenient to our members as possible.

**Tactic:** Offering a leading-edge digital/mobile banking experience.

### **Question 3: What is a new strategy and tactic this credit union should deploy in order to better fulfill its mission?**

Examples:

**Strategy:** Build a growing loan portfolio of products.

**Tactic:** Finding a niche market.

**Strategy:** Become a stronger financial resource/support system for our members.

**Tactic:** Offering credit builder loans or payday alternative loans.

**Strategy:** Being as accessible and convenient to our members as possible.

**Tactic:** Invest in a solid digital/mobile banking experience.

### **Question 4: What aspect of the credit union's culture most contributes to the credit union's success?**

Examples:

A familial, collegial atmosphere, which promotes empathy and compassion when serving members.

An ambitious Board and team, which pushes the credit union to think outside the box, innovate, and find new ways to grow.

A strong or even dominant CEO with an unmatched dedication that ensures the credit union meets its present and future goals.

## **Question 5: What is the most important thing the CEO does to ensure the credit union is successful?**

Examples:

Prioritizes member service and member needs over everything else, making sure members know they're special and cared for.

Is a strong leader and judge of talent, allowing her/him to put the right people in the right positions to improve the credit union.

Is a staunch defender of our financial position, ensuring members are served without compromising the health of the credit union.

Is bold and has introduced new products, programs, or ideas to broaden the credit union's business and relevance.

The first half of this worksheet allows you to develop a clear picture of where the credit union currently stands. You know your mission, you know why you're most successful, you've identified a strategy to strengthen that service, you understand what part of your organization's culture contributes most to your success, and perhaps most importantly, what aspect of your current CEO/manager's leadership has been most beneficial and impactful for the credit union. It's now time to look to the future.

The second half of this worksheet will allow the Board or Selection Committee to begin the process of identifying where it wants to see the credit union go, and what type of leader would best get them to that future of success.

## **Question 6: What does a future state of success look like for our credit union (5-10 years from now)?**

Examples:

We have maintained a strong relationship with our SEG, allowing us to grow in members as the SEG has grown.

We've found a new niche that differentiates us, providing innovative loans/services that meet very specific unmet needs.

We are now a digital/mobile first – or at least mobile-equal – financial institution that allows our members to access their money easily, serving as a fantastic enticement for new members to join.

We have added new products and services that are highly tailored to our members' and potential members' needs, bolstering both our relevance and our bottom line as a financial institution.

**Question 7: Aside from hiring a CEO, what's the most important thing the credit union must do (in 3-5 years) to remain viable?**

Examples:

Bring to market new products or services that increase our relevance to members and provide additional sources of income.

Invest in technology that aligns with the ways current and future members will prefer to conduct business with the credit union.

Expand our field of membership so that we can increase the potential new membership opportunities that are available to us.

Identify a new or secondary niche that differentiates the credit union in the marketplace.

**Question 8: Based on your response to Q7, what area within the credit union needs improvement?**

Examples:

Our resources dedicated to market research or understanding our members or community better through surveys/polling.

Stronger sales or business development to maximize a transition to a change in membership.

Our dedication, commitment, and knowledge of technology options in the industry.

**Question 9: What aspect of the credit union's culture needs to improve for the organization to be successful into the future?**

Examples:

Our approach to our relationship with our SEG or community.

Our employees' understanding of and belief in our mission.

Our willingness to do more, perhaps sell more, in service to the idea that if we can grow, we can serve and help more people.

Our commitment to improving the way we do things, rather than doing them the way we've always done them.

**Question 10: If you could train your current CEO/manager in one area, what would it be?**

Examples:

Business development/sales

Lending

Marketing

Technology/IT/cybersecurity

## Credit Union Profile Worksheet

Please fill in your answers to these questions from the previous pages.

Question 1: What is the mission of our credit union?

Question 2: What is the most important strategy that our credit union employs to ensure our credit union fulfills our mission?

And what is the **single** most effective tactic for executing that strategy?

Question 3: What is a strategy that this credit union should add in order to better fulfill its mission?

And what is a tactic that the credit union could deploy to support that strategy?

Question 4: What aspect of the credit union's culture, between staff and the Board, most contributes to the credit union's success?

Question 5: What is the most important thing the CEO/manager currently does to ensure the credit union is successful?

Question 6: What does a future state of success look like for our credit union?

Question 7: Aside from hiring a CEO, what is the most important thing that the credit union must do in the short-term (3-5 years) to transition or evolve to that future state of success?

Question 8: Based on your response to Question 7, what is an area within the credit union that would need to be enhanced or improved?

Question 9: What aspect of the credit union's culture needs to improve in order for the organization to be successful into the future?

Question 10: If you could train your current CEO/manager in one area to improve the credit union's chances of success, what area would you train them in?

As the CEO or the process lead, you must now gather all the responses from those involved in this process and refine them into a master document. If there is general consensus in each area, your job will be much easier. Simply capture a response for each question that best summarizes the will of the group. If there is clear divergence in opinion, you may have to include two responses for some of the questions. Don't worry if this is the case. The more diversity in opinion, the more open your Board will be to different paths for the credit union, and the more creative it can be in selecting the ultimate candidate for the job.

Once you've created the master document, you will then turn the responses to the 10 questions into a two-paragraph story, or what we're calling the "Credit Union Narrative," that you will present to the full Board or the Selection Committee. You will find an example of that Credit Union Narrative below. Hashing out the responses to each question will be too time-consuming and tedious for it to be productive. At the end of the day, the Board needs to understand and agree upon the overall direction forward for the credit union to have success, not necessarily the specific details on how you'll get there.

At your next dedicated meeting for this process, you will present this story of where the credit union is, and where it needs to go, and ask for the Board's approval. If you receive unanimous consent, the Narrative will serve as your blueprint for selecting the right candidate moving forward.

If there is disagreement or even strong disagreement over the Narrative, you may elect to spend time reading through the two paragraphs and asking whether there is consensus over the main points. If the Board feels that there is enough consensus around the overall strategy of the credit union to move forward, discard those specific areas where there is disagreement and remain focused on the big picture. Re-write your story with the aspects on which the Board found consensus and circulate as the blueprint for selecting the right candidate for the position.

**IMPORTANT TIP: DO NOT WORD SMITH.** By that we mean, don't parse every single word. Focus on the big picture for the credit union and where it's going on the macro level. Don't lose precious time on getting the wording exactly to everyone's liking.

Below is an example worksheet with each question answered and the resulting two-paragraph story written out. As you read the example, you can start to picture how this narrative will be instructive in narrowing your search for the next leader of your credit union.

You will find a blank Credit Union Narrative in the Checklist & Workbook, in addition to the blank Credit Union Profile Worksheet, pages 9 and 10 .

## Example Credit Union Profile Worksheet and Narrative

### **Question 1: What is the mission of our credit union?**

To help members achieve financial stability and security.

### **Question 2: What is the most important strategy that our credit union employs to ensure our credit union fulfills our mission?**

Maintaining a strong and growing loan portfolio that meets the specific needs of members.

### **And what is the single most effective tactic for executing that strategy?**

Constantly examining the financial needs of our members through surveys and discussions.

### **Question 3: What is a strategy that this credit union should add in order to better fulfill its mission?**

Become a stronger financial resource/support system for our members.

### **And what is a tactic that the credit union could deploy to support that strategy?**

Offer credit builder loans or payday alternative loans to our members.

### **Question 4: What aspect of the credit union's culture, between staff and the Board, most greatly contributes to the credit union's success?**

An ambitious board and team, which pushes the credit union to think outside the box, innovate, and find new ways to grow and be relevant.

### **Question 5: What is the most important thing the CEO/manager currently does to ensure the credit union is successful?**

Prioritizes member service and member needs over everything else, making sure members know they're special and cared for and that the credit union remains the trusted partner it has always been.

### **Question 6: What does a future state of success look like for our credit union?**

We have become a digital/mobile first – or at least mobile-equal – financial institution that allows our members to access their money easily, serving as a fantastic enticement for new members to join.

### **Question 7: Aside from hiring a CEO, what is the most important thing that the credit union must do in the short-term (3-5 years) to transition or evolve to that future state of success?**

Invest in technology that will align with the ways our current and future members will prefer to conduct business with their financial services provider.

### **Question 8: Based on your response to Question 7, what is an area within the credit union that would need to be enhanced or improved?**

Our dedication, commitment, and knowledge of technology options in the industry.

### **Question 9: What aspect of the credit union's culture needs to improve in order for the organization to be successful into the future?**

Our commitment to improving the way we do things, rather than doing them the way we've always done them.

### **Question 10: If you could train your current CEO/manager in one area to improve the credit union's chances of success, what area would you train them in?**

Technology/IT/cybersecurity

## Example Credit Union Narrative

You will find a blank outline for your credit union's narrative in the Checklist & Workbook.

### Why We're Successful Now:

Our mission is to (1) **help members be financially stable and secure**. We achieve this by (2) **maintaining a strong and growing loan portfolio that meets the specific needs of our members**. Still, we believe we can grow and be more successful by (3) **becoming an even stronger financial resource/support system through offering products like credit builder or payday alternative loans**. New strategies and tactics like these are driven by (4) **an ambitious Board and team, who push the credit union to think outside the box, innovate, and find new ways to grow and be relevant**. Our organization is led by our current president/CEO, whose strength lies in (5) **prioritizing member service and member needs, making sure members know they're special and cared for and that the credit union remains the trusted partner it has always been**.

### Why We'll be Successful in the Future:

We are now striving to be (6) **a digital/mobile first – or at least mobile-equal – financial institution, which will allow our members to access their money easily and will serve as a fantastic enticement for new members to join**. To achieve that goal, we plan to (7) **invest in technology that aligns with the ways our current and new members will prefer to conduct business with their financial services provider in the future**. From an expertise standpoint, success will depend on (8) **our dedication, commitment, and knowledge of technology options in the industry**. From a culture standpoint, success will depend on (9) **a commitment to improving the way we do things, rather than doing them the way we've always done them**. Therefore, it is critical that the next leader of our credit union is proficient in the areas where we're already strong now, (2 & 5) **in lending and prioritizing member needs**, and where we'll need to be strong in the future (10) **technology, IT, and cybersecurity**.

The story, taken directly from the worksheet, makes it abundantly clear why the credit union has been successful in the past, as well as where the Board believes the credit union must go to be relevant in the future. This is important because you now see what elements you want to retain in the next leader – in the above example, a strong lender, mindful of and tirelessly working to meet member needs – as well as the additional expertise/skills the leader should have to bring the credit union's vision to fruition – in the example, an emphasis on new technology. You can now match this story to applying candidates' resumes.

Remember, the above is not YOUR credit union's story. It's an example of how the answers to the questions in the worksheets allow you to create a narrative that will reveal the type of leader who would be the best fit.

When the full Board or Selection Committee has agreed on its story, present a clean version to each member. This will be your guide as you build the Ideal Candidate Profile in the next section.

## Step 5: The Ideal Candidate Profile

### Time commitment for this step:

- Board members: 30 minutes – 1 hour at Board meeting filling out Ideal Candidate Profile Worksheet.
- Process leader/CEO: 20-30 minutes collecting responses and creating master document.
- Board members and process leader: 1-2 hours discussing, finalizing, and approving master Profile.

**Important note:** This can be where the first Succession Planning session begins. A lot of the work before this can be completed prior to the first meeting if possible.

Now that you have a strong understanding of where your credit union currently stands and where it needs to go to be successful, the Board or Selection Committee is now ready to develop a profile for the eventual candidate. The Ideal Candidate's expertise and experience should clearly align with that of the goals of the credit union. Your objective as a Board will be to identify the Ideal Candidate Profile, so that when you begin accepting applications for the position you can more easily identify the person who is the best fit.

The three areas the Board or Selection Committee must agree upon in terms of the characteristics it would like to see in its next CEO/manager are:

- Experience
- Expertise/strengths, and
- Leadership type.

While it's important to identify your preference in each area, we believe some are more important than others. For example, you might prefer someone with previous experience as a CEO, but it's likely more beneficial to hire someone with an expertise in lending if your goal is to grow your loan portfolio.

Given this potential disconnect, we strongly recommend prioritizing the elements of the candidate's profile in this way:

1. Expertise/strengths
2. Experience
3. Leadership type

Ensuring that you identify the candidate who has the most expertise or strength **in the business area that is most critical to the success of the credit union** is key.

Imagine, as an example, that you have identified 6 candidates, each of whom have expertise in the area you have identified as being most important to the credit union, let's say lending. From there, you can narrow those candidates by experience and leadership type, allowing you to select the best candidate among those who fit the area you have identified as most important, lending.

If, however, you prioritize by experience, you might find someone who's previously been a CEO, but who doesn't have lending experience. This doesn't align with the strategy you've set for the credit union. That's why it's so important to create the story we've put together, and to find someone with the right skills and



expertise to guide the credit union where the Board has said it needs to go.

Now, let's start building the Ideal Candidate Profile to match the vision you have for your credit union.

Small credit unions across the country have thrived with leaders who have come from a wide array of backgrounds and educations. Below you'll find the various "specialties" from which these successful CEOs have arrived at their positions, with short commentary on the potential value that each specialty brings to the role. You will find a blank worksheet in the Checklist & Workbook where you can rank these specialties so that you have an easy-to-use guide once you start accepting applications.

- Accounting – The financial soundness and health of a credit union is key to stability and sustainability. While candidates with strong accounting backgrounds are occasionally risk averse and conservative, they will ensure that any bold strategies to grow the credit union are executed without compromising the financial health of the organization.
- Finance – As the financial services landscape continues to grow more dynamic, and as pressure increases to invest in new revenue streams, services, or product offerings, finance professionals may be uniquely equipped to develop a strategy that harnesses these different instruments to the credit union's advantage.
- Lending – While the specialty is self-explanatory, it's important to remember that, at the end of the day, lending is the lifeblood of the credit union. And for those credit unions who know that their lending game needs to be sharpened to grow, and/or who perhaps have untapped loan potential, an accomplished lender might be the right direction to take.
- Marketing – There are examples across the country of small credit unions who are currently being run by former marketing professionals. Oftentimes, credit unions are unable to hire full or even part-time marketers, but this is an essential component of growth and relevancy. People need to know the credit union exists – and be compelled to join – if the credit union is going to grow in membership. If a candidate with marketing expertise has demonstrated they know or can learn the financials, they might be a dynamic option as the next leader of the credit union.
- IT/cybersecurity – Don't overlook this option if it presents itself. The state of financial services is changing. From regulators requiring more cybersecurity systems and protection, to the need for data processors that offer more innovative services, to social media, technology proficiency is becoming table stakes to stay competitive. Increasingly, small credit unions are turning to technology professionals in the same way that others are turning to marketing professionals for their CEO. At a small credit union, the CEO is asked to wear many hats. If one of those hats can be technology leader, it can be a surefire edge.
- Other – It's hard to teach competency and passion. And it's likely that no candidate will fit the Ideal Candidate Profile you are creating perfectly. Be open to all possibilities, as long as you're certain they can do the job.

With these different types of expertise in mind, the Board or Selection Committee can now start building the Ideal Candidate Profile.

Each Board member should now have a copy of the credit union's two-paragraph Narrative as a reminder of what has been agreed upon in terms of the future direction of the organization.

Based on that guidance, have each Board or Selection Committee member fill out the first section of the Ideal Candidate Profile Worksheet in the Checklist & Workbook on page 11. (You will need to make copies).

## Expertise

To fill out the worksheet, first rank the type of expertise that you would most like the next CEO of the credit union to have from 1-5 (1 being most desirable). To add more depth to the ranking, ask each Board member to include a short justification for their first choice. It should clearly relate back to the credit union's story.

Example Ranking:

1. Lending – If we're going to continue to serve our members and grow simultaneously, we need someone with serious expertise in making loans efficiently, effectively, and soundly.
2. Finance
3. Marketing
4. IT/technology
5. Accounting
6. Other

## Experience

In this section, you'll find the common experience levels that you will encounter among applying candidates. Each amount and type of experience comes with both strengths and weaknesses. Please read through each experience type and description of pros and cons, and then again fill out the worksheet by ranking your top five preferences.

- Longtime credit union CEO of a small credit union – Small credit unions are unique in that the CEO must know how to do just about anything and everything to run the shop. From small compliance issues to staffing challenges to lending, the small credit union CEO must be a Jill or Jack of all trades, and someone with extensive experience in that role will understand that unique challenge.
- A few years or less as the CEO of a small credit union – While this candidate may not have learned all the tricks and nuances of life as the leader of a small credit union, they've certainly had a taste. The benefits of someone with at least some experience as the CEO is that they at least grasp the unique challenges, and clearly they're not afraid of taking them on again.
- Longtime key staffer/management at a small credit union – Don't necessarily consider this as a step down from someone who's served as CEO before. An individual who has long served in a leadership role at a small credit union likely has both a great understanding of the demands of leading such an organization, and also untapped ideas that they're now finally able to unleash.
- A few years or less, management at a small credit union – This candidate may be a young professional. The truth is, there is a growing number of young professionals who are successfully leading small credit unions nationwide. They might need mentorship, but the benefits they bring can be powerful: Limitless energy, enthusiasm, ideas, and unconstrained by "the way it's been always done" or bad habits. And hey, they might be willing to work for less to earn the opportunity to be the CEO, as a springboard for their careers.

- Longtime executive/management, large credit union – Let’s admit it, large credit unions have more resources and time to stay abreast of current trends in the industry. While this candidate might not have the ideal day-to-day operational experience needed to run a small credit union at the outset, they might bring with them game-changing ideas for the organization. Not to mention, if they’ve been stuck in dead-end departments at their previous credit union, the opportunity and desire to be in charge and lead an organization might be a huge selling point to work at your credit union.
- A few years or less, management, large credit union – Similar to a previous description, this again could be a young professional. All the same benefits apply, with the added bonus that at a larger credit union they have at least some experience leading a larger team. The draw for young professionals to become CEO, to be in charge, and to be wholly responsible for making an impact on a membership group or community can be a powerful carrot in attracting top talent like this.
- Longtime CEO of a small/community bank – Similar to the longtime CEO of a small credit union, this person will perhaps have more day-to-day operational experience than the typical financial services professional, an important level of experience for the CEO of a small credit union. We’ve heard that the culture change can be a difficult transition for some former bankers. But for those who see the light, it can be eye-opening in a way that is positive and powerful for the credit union.
- Outside financial services – There are small credit unions nationwide who have successfully gone this route. Former technology professionals, lawyers, even teachers have all made the transition. There will certainly be some technical/expertise requirements that could be too big of an obstacle for these types of candidates, but those who are hungry to learn, who are passionate about the credit union, and who have good people skills can make for excellent leaders of small credit unions.

Based on what you know about the credit union, and simply, what your preferences are based on the descriptions, fill out the corresponding worksheet in the Checklist & Workbook by ranking the top five experience types you’d like to see in the next CEO of your credit union.

## Leadership type

There are many different types of leaders and leadership types that are important to consider as you search for the next CEO of your credit union. A candidate might have all the right experience and expertise, but see his or her success limited because their leadership style doesn’t fit with the existing culture.

Certainly, a leadership style unfamiliar to the credit union shouldn’t be discounted entirely, especially if the individual possesses all the other attributes you believe will bring the credit union the most success. But being the right candidate with the right skills doesn’t guarantee success. Being able to communicate, get along with and inspire the Board and staff to execute the mission and vision of the credit union is critical.

Below you will find a list of various leadership types, according to the Wisconsin Credit Union League. Read through each item and, based on your knowledge and perspective of the Board and staff of the credit union, rank the top 5 in the worksheet in the Workbook.

**Business developer** – Focuses on and understands the importance of business development – or drumming up new business – for the future success of the credit union.

**Collaborator** – Skilled in bringing together internal or external people to solve problems for the credit union. Also proactively identifies alternative resources and is open-minded to alternative paths to success.

**Strategist** – A broad thinker who recognizes how future needs may impact the organization, and has the ability to chart a course that positions the credit union to capitalize on future opportunities.

**Results-focused** – Demonstrates a track record for getting things done, is action-oriented, and is able to translate organizational goals into specific actions to move the credit union forward.

**Agile** – Adaptable to changing operating conditions, and also opportunistic, able to seize on new possibilities when they present themselves.

**Team builder** – Shapes a positive and vibrant organizational culture, emphasizes the development of staff and board members, is able to attract additional talent to the credit union.

The Ideal Candidate Profile Worksheet can be found in the **Checklist & Workbook**. Print and distribute the blank worksheets and have each member complete and return them. The Board Chair or the process leader will then tabulate the results by filling out a master Ideal Candidate Profile Worksheet, example below. Use the same blank worksheet in the Workbook to fill out the Master.

If there are any unanimous or near-unanimous results, make that clear on the master worksheet. If there are ties or close seconds or even thirds, list all the options in the correct order. It is unlikely that you will find an individual that perfectly meets every component of this profile. Therefore, knowing second and third options for preferences of what the next leader of the credit union should look like will be valuable.

This completed master Ideal Candidate Profile along with the two-page Credit Union Narrative will be the blueprint for the Board in finding the right candidate for the position. It will help you write interview questions that ensure you select someone that truly exemplifies the type of person the credit union is looking for and ultimately make the right decision on the next CEO.

Congratulations! You now know who you're looking for. Now it's time to find them.

## Example Master Ideal Candidate Profile Worksheet

Read through each section in the Guide to learn about the different types of expertise, experience, and leadership styles that candidates may possess when applying for the CEO position of your credit union.

Rank your preferences with 1 being your top choice for what you'd like to see in the next leader of the credit union. Then submit to the person in charge of the Succession Planning process.

If filling out the Master Worksheet, tabulate results and use parentheses to note how many votes each option received.

Candidate Characteristic	Ranking Preference
Expertise/Specialization	<ol style="list-style-type: none"> <li>1. Lending (3) If we're going to continue to serve our members and grow simultaneously, we need someone with serious expertise in making loans efficiently, effectively, and soundly.</li> <li>2. Finance (2)</li> <li>3. Accounting (1)</li> <li>4. Marketing (1)</li> <li>5.</li> </ol>
Experience Type	<ol style="list-style-type: none"> <li>1. Some experience as small CU CEO (2)</li> <li>2. Former large CU upper management (2)</li> <li>3. Longtime small CU CEO (1)</li> <li>4. No experience in CUs (1)</li> <li>5.</li> </ol>
Leadership Type	<ol style="list-style-type: none"> <li>1. Business developer (4)</li> <li>2. Collaborator (1)</li> <li>3. Strategist (1)</li> <li>4.</li> <li>5.</li> </ol>

## Step 6: Compensation Strategy

### Time commitment for this step:

- CEO/process leader: 1-2 hours researching and putting together salary range possibilities.
- Board/Selection Committee: 30 minutes – 1 hour finalizing preferences.

For the purposes of this example, we're going to assume that the CEO is ready to retire within the next six to 12 months and you're ready to begin the process of searching for the next leader of your credit union.

Before you begin posting the job across the various channels that we will discuss later in this section, the Board should take time to develop a compensation strategy for the position. Having a clear understanding of today's market for the position you are trying to fill, particularly based on your location, is crucial. It will ensure you aren't missing out on a great potential candidate for the job, while also giving you the utmost confidence when entering negotiations with the candidate you ultimately select.

For some credit unions, this may be the first time in a while – or ever – that the Board has taken a hard look at CEO/manager compensation. The process certainly could lead to uncomfortable conversations between the Board and the current CEO or manager. But being as informed as possible must outweigh these concerns. If you as a leader of your credit union want to see this organization thrive into the future, you must hire the best candidate possible. And you can only hire that person by offering competitive compensation. Be open, honest, and understanding when having these conversations. And remember that everyone has the best interests of the future of the credit union in mind.

Fill out the corresponding worksheet in the Checklist & Workbook to ensure your credit union will offer the strongest compensation package possible.

Once the Board or Selection Committee has signed off on the numbers, save this worksheet for your records once the search begins. This will help you narrow down candidates based on the salary range they share with you. Asking for a salary range will be a part of the application they submit when applying for the position.

As a final note, if your board feels strongly that you don't have to – or can't – make a significant change in compensation, the positive is that you at least have clarity about the issue when entering the process. For those that feel as though they should increase compensation closer to market rate – or even above – the credit union could make the decision to start allocating additional budget to CEO compensation now, prior to the arrival of the new CEO, depending on the time you have until you expect the next CEO to take over.

## Step 7: The Candidate Search

### Time commitment for this step:

- CEO/process leader: 1-2 hours drafting the job description.
- CEO/process leader: 1-2 hours posting job description and cleaning up online reputation.
- CEO/process leader: 1 hour preparing applications for Board review.
- Board/Selection Committee: 30 minutes – 1 hour finalizing job description.
- Board/Selection Committee: 2-3 hours reviewing applications and picking favorites.

### Writing Your Job Description

We've developed a sample job description that we believe will work for many small credit unions in a variety of circumstances. According to best practices shared by leading talent recruiters, painting a picture of what the candidate's life will be like – in fact, how their life will be better – when working for the credit union will be very important when “selling” the idea of the job. This is especially true if you don't have the ability to pay for top talent. Below you will find this tool's Job Description Template, which is based on the example Credit Union Narrative that appears earlier in this resource.

In the Template, the language highlighted in yellow is the language we have developed based on dozens of conversations with new CEOs of small credit unions and recruiters. It's language we believe will most effectively sell the idea of working for your credit union.

**The sections in bold** denote the areas that come directly from the sample Narrative we created above, and where you should edit and personalize based on the narrative you created for your credit union. You will find this template in the Checklist & Workbook, which you can edit to be consistent with your credit union. There will certainly be other responsibilities or proficiencies you will want to add or remove from the description based on your credit union's needs, but this should serve as a strong blueprint for your search.

### Job Description Template

**OUR FCU** is looking for **an experienced lender** to become the next CEO of this highly impactful financial institution. As CEO, you will not only have the opportunity to make a meaningful and lasting difference in the lives of your members, you will also assume a role that provides the rare opportunity to energize your career path, as you will have the autonomy to innovate and strategize the future state of success for this credit union.

In the financial services industry today, credit unions are truly pushing boundaries in terms of products, services, and banking technologies. They also continue to be service-oriented, high-impact beacons for good by safeguarding their members' financial-wellbeing and working to unite and strengthen their communities.

In some ways OUR FCU is no exception to these aspects of the credit union movement, in others we believe we can do more. And as CEO of this organization, uniquely, you will have the ability to shape the credit union so that it can achieve that future state of success.

This is a rare opportunity to accelerate your career, help people in meaningful ways, and ultimately, be in charge.

The Board of OUR FCU, to which the CEO reports, **feels strongly that the credit union must grow its loan portfolio and begin investing in technology solutions to continue achieving our mission of helping our members achieve financial stability and security.**

Therefore, applying candidates should possess the following experience:

- **Demonstrated lending background, mortgages are a plus (at least five years);**
- **Strong finance or accounting background;**
- **Some experience integrating or managing new technology solutions in financial services;**
- **Some experience running or managing teams;**
- **Strong experience with or demonstrated aptitude for regulatory compliance tasks;**

Additional proficiencies that are preferred:

- **Experience developing and executing an IT/cybersecurity program or strong general aptitude for IT, computers;**
- **Marketing experience: traditional, online, social media marketing is all a plus;**
- **Vendor contracting and management;**

### **Ideal candidate summary:**

With a small but efficient staff of XX, no doubt you already understand that the leader of this organization must wear multiple hats, be willing to take on any task no matter how large or small, have a fiery entrepreneurial spirit, be capable of juggling multiple projects and responsibilities, be a confident and thoughtful leader, and have the drive to develop business and get things done.

The rewards for the work you put in, both personally and professionally, can be vast.

We will be accepting applications for the position until (hard date, typically a 6-week window from the time of posting on job sites).

We ask you to send the following materials to (designated email address) by that date:

- **Statement of interest that focuses on two areas:**
  - **A detailed description of your experience and the reasoning behind your desire for this position (1-2 pages maximum)**
- **Resume**
- **Salary requirements**
- **One letter of recommendation**
- **Two references\* (only accept references who the candidate has worked with in the past three years, cannot be related to the candidate) and their contact information**

\*extremely important

We look forward to hearing from you.

Sincerely,  
The Board of OUR FCU



If the CEO is participating in the Succession Planning process, she or he can take the lead on creating the job description and personalizing it so that it fits your Credit Union Narrative and Ideal Candidate Profile. If the CEO is not participating, the Board or Selection Committee should appoint someone or a select few to draft the job description. The description should then be circulated prior to the next Succession Planning Session so that the group can discuss, debate, and finalize.

Once the Board or the Selection Committee has finalized the Job Description, it can post the description online, and do the proactive outreach to local candidates, as we will describe in the next section.

## **Where to Post the Job**

Now that you have a solid job description, it's time to post the opportunity on the right job websites.

Today, there are two major platforms that are musts when posting for a strategically important position like this. The first is LinkedIn, and the second is Indeed.com.

To be sure, LinkedIn sets itself apart as the foremost place to post jobs due to its built-in credibility (profiles that serve as living resumes) and its sheer dominance of the professional-social-network market. But that is not to say that it's unnecessary to post on the other recommended sites below. Posting the job so that it is seen by the most people possible will increase your odds of finding that right candidate.

Beyond general professional jobs boards, we strongly urge you to reach out to your state League, which may have a job board specific to the credit union industry. Some Leagues also provide executive search assistance as part of your membership. Please take advantage as they are well-connected to credit unions in your state that might have professionals looking for the very opportunity your credit union is offering.

Websites to post your job description:

- LinkedIn
- Indeed
- ZipRecruiter
- Glassdoor
- Monster
- CareerBuilder
- SimplyHired

## **Additional tips when posting the job description:**

### **Stay organized:**

Before you post the job description, your first step should be to nominate someone to take the lead on collecting all applications. It can be the CEO or the process lead, but it doesn't have to be.

The person who you nominate will have the following responsibilities:

1. Collect all applications and ensure they contain all requested materials (resume, cover letter, recommendations, salary requirements, etc.) and request any missing materials.
2. Respond to questions applicants ask when submitting their applications.
3. Organizing applications to make their review as easy as possible.

## **Proactive outreach to local candidates**

If you were working with an executive search firm, posting to job boards would be a small component of their overall strategy to find you the talent you seek. More importantly, they would proactively match your needs with candidates in the industry that may not even be looking for a new job and contact them directly.

Great jobs, like the position you are offering, often find the right candidates, not the other way around. But that doesn't happen by magic. It takes a bit of effort. And this is where you come in.

Once you have the job description:

1. Reach out to your state League to ask them if they are aware of any candidates in the state who would be a great fit. You would then contact them.
2. Second, identify all the credit unions and banks in your community or region and look at LinkedIn profiles of managers in departments whose work and experience fit the needs of your credit union. Then, invite them to apply for the position. This is how an executive search firm would do it. And it might be the most effective way to attract talent to your credit union.
3. Third, don't give up on this strategy. Remember that the position you are offering is an amazing opportunity. The right candidate will feel quite special to receive special outreach from you to apply.

## **Cleaning up your online reputation**

If your credit union does not have a profile on LinkedIn, create one and spend time developing your page. Start asking other credit union professionals you know to connect so that you add further legitimacy to the posting, and at the very least upload the credit union's logo and ensure all information about the credit union is correct and current on your LinkedIn page.

You can control the job description you post, but ultimately serious candidates will seek to learn more about your organization. It's imperative to make a strong first impression.

You'll also want to check over your website for any errors, old information (contact, address) or other words, dates, or pictures that stand out as potentially detrimental to the first impression of the credit union. Don't worry if you don't have a top-of-the-line website and/or internet and mobile banking. Just make sure the website is an honest, correct, and professional representation of the credit union.

Lastly, check Google, Yelp, and Glassdoor for negative reviews of the credit union. If you find something egregiously wrong, you have the ability to contact the platform and ask for the review's removal. If it's a minor complaint, or even if it's a positive comment or review, it reflects well on the credit union to respond directly to the reviewer to either apologize or say thank you. Potential candidates will see this as a positive sign that your credit union is paying attention to its online presence.

## Step 8: The Interview Process & Selecting the Candidate

### Time commitment for this step:

- Process should play out between 2 and 4 weeks.

### Reviewing applications and selecting candidates for interviews

For the review process, we strongly recommend waiting until the end of the application period to begin. You can design the way you select potential candidates any way that you like. What's most important is that you have clear consensus on the finalists. The last thing you want is to have Board members still thinking about the candidate who wasn't asked in for an interview.

It's also important to limit the number of interviews to a select few, perhaps no more than 4 or 5. Schedule too many interviews and the candidates and your feelings about them can begin to bleed together.

### Our recommended process

Before the meeting:

1. In one document, organize applications in alphabetical order by last name.
2. Identify the next opportunity for the Board to meet and discuss the applications (expect this to take at least 2 hours) and ensure time is blocked during the meeting to review.
3. Send the applications to the Board members prior to the review meeting.

During the meeting:

1. Print out each application individually and share the packet with the members of the Board or Selection Committee.
2. Share the credit union's two-paragraph Narrative and the Ideal Candidate Profile, as well as the job description.
3. If needed, give additional time to review the applications with these documents in mind.
4. Instruct them to each pick their top 3 candidates (depending on how many applications you have) and hand their favorites to the Chair, CEO, or whoever has been picked to facilitate this process.
5. Tabulate the results.

You should have a clear consensus on the top 3-5 candidates with whom you would like to schedule interviews. After the results have been reported, allow the opportunity for Board members to argue to include someone they felt strongly about but who was not included in the top 3-5. Then hold a vote to approve whether to include this individual.

The next step will be for the process leader to schedule phone interviews with the candidates.

## The Interview Process & Interview Questions

Before you structure your interview process, let's take a step back and remember our goals for this succession plan. Ultimately, you want to identify the right person to lead the organization into its future of success. When you're running a small credit union, success is no small feat. The decisions and actions this individual will make and take will have an outsized effect on the entirety of the institution, in addition to the members it has long served. The complexity of the financial services industry requires someone adept, nimble, confident, and resilient.

The point is, the only way to know that you've found the right person is to understand the candidate as best as you can, and the best way to do that is to spend as much time with her or him as possible.

Large corporations orchestrate full-day or even multi-day interviews with potential candidates for high-impact roles because they understand that you can't grasp the full picture of a person without spending quality time with them; observing how they interact in a professional environment, perhaps even asking them to weigh in on pressing questions facing the organization.

As a volunteer Board, you certainly don't have the time to conduct as rigorous of an interview process as other organizations. But let this simple advice guide you as you build your approach: The more time you can spend with the potential candidates, the better.

Don't overdo it. Be reasonable about the amount of time you're asking of the candidates who apply, but don't allow an impressive 30-minute interview to determine who will receive the great responsibility of running your credit union into the future.

### Our recommended process

Again, design this process however feels best for the Board or Selection Committee. You can certainly follow this approach exactly, but feel free to deviate.

#### 1. The Phone Interview

Start by developing a list of 6 or 7 questions that you will ask by phone to each of the candidates you are considering. Always start with identifying questions, such as name, current position, where they live, etc. Phone interview sample question list:

1. Why are you interested in this position?
2. Which among your qualifications do you believe best positions you for success and why?
3. Describe your current/most recent professional experience and your job responsibilities in that role.
4. What's important to you in general when you're interested in a new job or organization?
5. What must a smaller credit union like ours do to be successful into the future?
6. What is your leadership type and please describe a time when you need to resolve a conflict?
7. What are two areas that you feel like you could improve to strengthen yourself as a professional?

The person leading the search will then schedule a time with the candidates, run through the questions, and record the responses with a cell phone or voice recorder. An alternative approach would be for the full Board to listen live to the phone calls, but this only likely works with fewer candidates being considered.

During the phone interview, the interviewer should **not** ask follow-up questions, but simply let the responses by the candidates speak for themselves. This allows for consistency when reviewing the responses. You also must notify the candidate that they are being recorded.

At the end of the call, thank the interviewee and notify them that they will hear back from the credit union soon with more information.

Once all interviews have been recorded, the full Board and Selection Committee can then listen to them in order, listening for how well the responses stack up with the Ideal Candidate Profile, the Credit Union Narrative and the job description.

At this point your goal is not necessarily to narrow to 1 or 2 options, but to weed out any candidates who are clearly not ready or appropriate for the position, whether that's due to poor communication skills or other red flags that might be raised during the call.

Those who remain of interest to the Board should then be notified that the Board would like to bring them in for an initial in-person interview.

## **2. In-person Interview #1**

Let's start with logistics. If there are candidates who you are considering who live in driving distance of the credit union, it is their responsibility to travel to the location of the interview themselves.

If you are considering candidates who would have to travel great distances by car or even fly, the candidate might expect the credit union to cover the costs of travel. Our recommendation, if this is the case, is to conduct the first in-person interview with these candidates remotely with an online video service.

While meeting the candidates in person is the optimal setting, we understand that costs might prohibit flying three or four candidates to the credit union for in-person interviews. Between Skype or Zoom, both free services, you can conduct a full "in-person" interview with the candidates without bearing the cost of airfare, hotels, and meals. This might make the process of gathering all the Board members for the interview easier as well.

After the in-person – or video – interviews, the Board or Selection Committee may ultimately decide that they like a candidate enough to cover those costs.

Regardless of whether that first interview is on-site or remote, the structure should stay about the same.

### **Structuring the in-person interview**

#### **Where:**

Where you host the interview actually says a lot about your organization. Don't be afraid to have the interview at a local restaurant, park, or another public place in a relaxed atmosphere that will allow the candidates to open up. Just make sure you can hear the candidate well and that noise doesn't affect the interview process.

You can host the interview at the credit union, but try to avoid classroom-style grilling sessions. Not only are these a bit old-school, they're also not the most conducive to making an honest assessment of the candidate. When scheduling the interview, be up-front about the amount of time it will take.

### **What to bring:**

In addition to the list of interview questions you will find and work from below, bring the Ideal Candidate Profile, Credit Union Narrative, and job description to refer to as you assess the candidate. It also helps to bring a notebook and pen to take notes about the person you're interviewing.

### **What to ask:**

Remember that best practices for hiring tell us that the more time spent with the candidate the better. The first in-person interview should be no shorter than an hour, though two hours should be your target.

Your goals for the interview are to learn as best as you can the following:

- 1. Did the candidate prove her or his resume? Does it fit the Ideal Candidate Profile and Narrative?** In other words, did the candidate demonstrate that she or he can truly do the job and execute the goals of the organization?
- 2. Does the candidate have a vision for the future of the credit union that matches the Board's, or at least one that the Board would endorse?**
- 3. Does the candidate's personality fit with the Board and the current culture of the organization?**
- 4. Does the candidate feel committed to this job?**

You will refer to these high-level questions when the Board discusses the candidates following their first in-person interviews.

Below you will find a series of interview questions that will get to the heart of the four areas above. Note that the cadence of the questioning aims to be conversational. The more comfortable the conversation feels to the candidate, the more she or he will open up, and the more the Board can truly learn during the interview. If the questioning feels to robotic, rigid, or as if you're grilling the candidate, it will be harder to understand how well this individual will fit within your organization because they may not feel comfortable opening up.

Ultimately you may find that the needs of your credit union require additional information/questions from the candidate. As in previous steps, design your questions based on your credit union's specific situation.

### **Interview questions:**

#### Proving the resume

1. Describe yourself. Who would you say you are both professionally and personally?
2. What's your background? Where'd you go to school and what did you study?
3. How did you get into credit unions, and what's your favorite thing about them?
4. Tell us a bit about the role you're leaving, what is the credit union like and what were your responsibilities there?
5. What were some of your greatest successes in that role?

6. What would you say is your strongest area of expertise? What's the biggest asset you bring to this position? And how did that play a role in your previous successes?
7. What are other areas where you have strong experience or aptitude that will also bring value to this organization? And in what ways did you leverage those strengths to success in previous roles?
8. Based on the job description or what you know about running a credit union, are there any areas of experience or expertise that you feel you would need to improve to better accomplish your goals or lead this organization?
9. Do you know our current capital position? In your opinion is it where it needs to be to optimize success for the credit union? If not, what steps would you take to optimize it?
10. What's your experience with regulatory examinations? Are you confident in interactions with those agencies, and what gives you that confidence?
11. How comfortable are you with compliance tasks or how confident are you in your aptitude for compliance?

Based on the resume and what skills you know the candidate will need to be successful in this position, add additional questions to ensure they prove they have the experience needed.

Vision for the credit union:

12. Have you thought about the state of our credit union within the context of the financial services industry? Where do you think it currently stands?
13. How should our credit union evolve?
14. Can you provide examples of actions you've taken in previous roles that demonstrate how you would be successful evolving the credit union to a future state of success?
15. If you were given this opportunity, how would the credit union look in 5 years?
16. In 10 years?
17. One of the areas the Board has said the credit union needs to improve upon is \_\_\_\_\_, how would you strengthen that area of the credit union?
18. Another area the Board believes needs to be improved is \_\_\_\_\_, how would you address that area?
19. Should the credit union continue to serve the same field of membership, or do we need to expand in order to bring new members into the organization?
20. What are the risks facing both this credit union and the industry at large, and what steps would you take to mitigate those risks?
21. Do you have experience operating or implementing new technologies at previous organizations? Where do you believe this credit union stands in regard to technology and what's your recommendation for how to proceed?

Personality/board fit and culture

22. What does an ideal Board of directors look like to you? Do you have strong feelings about governance and structure that you would hope to see the credit union adopt?
23. If given this opportunity, what would your expectations of the Board be?
24. What are your expectations for staff?
25. How would you describe your leadership style, and can you provide an example of a time when that leadership style has strengthened a team or an organization?
26. How would you describe your management style, and why do you think that style is effective?
27. How do you typically make decisions, based on your own personal expertise, by consulting your team, some combination of the two?

28. What's the most difficult professional decision you've had to make, how did you make it, and what was the outcome?
29. You're likely drawn to this job for several reasons, including for the opportunity to (1) make an impact on an organization, members, or the community, and (2) because it could be a strong career move. Rate the importance of each aspect as you consider your reasons for applying for this job, (1) impact and (2) career advancement, on a scale from 1-10, 10 being very important, and provide a justification for the rating.
30. What are your interests outside of work? Do you have any hobbies, other efforts you volunteer your time to?

### Commitment to this position

31. Why do you want this job?
32. Why are you looking to leave your current position?
33. How do you see your life changing if you were to take it?
34. Would you have to move you, or your family, to take this position?
35. Do you know the mission of our credit union? What does that mean to you?
36. Often the CEO of a small credit union is asked to stay late, to do just about every job, to continually learn, often on the job, and to make tough decisions often because there aren't many others in the organization who can make those decisions, does any part of that concern you as you consider this role? Does it encourage or excite you? Why?
37. Where do you see yourself in 5 years? 10 years?
38. What questions do you have for us? What else do you need to know to fully understand what the job entails?

\* \* \*

By now you've not only exhausted the candidate, but also likely yourselves, especially if you've gone through three or more of these lengthy interviews. Take a break and step away from this process for several days to allow the experience to settle and for fuller contemplation.

Then reconvene as a group to discuss the candidates in full. For each candidate, talk through the four questions we asked ourselves prior to the interview process:

- 1. Did the candidate prove her or his resume? Does it fit the Ideal Candidate Profile and narrative?** In other words, did the candidate clearly demonstrate that she or he can do the job and execute the goals of the organization?
- 2. Does the candidate have a vision for the future of the credit union that matches the Board's, or at least one that the Board would endorse?**
- 3. Does the candidate's personality fit with the Board and the current culture of the organization?**
- 4. Does the candidate feel committed to this job?**

After the discussion, take a formal vote on each Board or Selection Committee member's first choice. If there is clear consensus on one candidate, fantastic and congratulations (though you're not done yet). If there are two candidates, that's still a strong victory.

If one of the potential candidates was interviewed remotely via video service, the Board should decide whether they want to fly or pay for this person to travel to the credit union for an additional first in-person interview. The in-person interview with the remote candidate should take place prior to moving on to the next phase. Again, it's very important that this person not only be qualified for the position, but also be a culture fit and clearly seem



committed to the job and the organization.

Finally, inform the unsuccessful candidates promptly that they have not been selected for the position. Whether you have one candidate in mind or two options yet, inform them they have moved to the next phase of the interview process, the on-site interview.

### **3. The On-site Shadow (In-person Interview #2)**

The last phase of the interview process will work whether you have one clear candidate or two from which you're still deciding. To get a full understanding of the candidate and how they will run the organization, it's imperative to bring them into the credit union for a day shadowing the current CEO or the most senior person at the organization.

The Board or Selection Committee has learned about the candidates in great detail and weighed in with their opinions. It's now time for management and staff to learn about this individual to ensure they are a true fit. Invite either the single or both candidates (separately, when still deciding between two candidates, absolutely not together) to spend a full or at least a half-day at the credit union to learn about the organization. The Board Chair, depending on your level of comfort, is welcome to join this process as well.

At a high level, the goal here is to allow the current CEO to assess whether the candidate truly has the skills, expertise, and aptitude to successfully handle the position. The CEO should not take this opportunity to play "gotcha" or to grill or quiz the candidate about what they might or might not know about the credit union or about the role in general, but instead take more of a qualitative assessment of the person and their readiness to perform.

To this end, design your own day-long program or follow the following schedule to administer this final phase of the interview.

**IMPORTANT:** Make sure to have the candidate fill out and sign a non-disclosure agreement prior to the day starting. This is important to protecting member data and information.

#### **Day starts in CEO's office**

In this first conversation of the day, likely the longest conversation during this interview, the CEO should discuss the following points, asking the candidate what questions they have about each area:

- The credit union's financials;
- Overview of the credit union's physical assets: number of branches, ATMs, etc.
- Asset-liability management;
- Overview of key staff and any staffing challenges;
- Overview of salary and benefit costs;
- Overview of Board and Supervisory Committee;
- Overview of membership and how the credit union works to serve them;
- Overview of the credit union's current products and services;
- Overview of policies, procedures, compliance challenges, internal controls;
- Overview of relationships with third-party vendors and any outstanding issues;
- Overview of the credit union's approach to the call report and examinations;
- The state of the credit union's technology position (website, mobile, core processor, IT/cybersecurity);

- The credit union's strategic plan;
- Projects or other initiatives the CEO is working on;
- Anything else the CEO deals with that would be important for the candidate to know.

### **Next, the candidate should meet with the head loan officer**

In this conversation, joined by the CEO, the loan officer should review the following information, again asking the candidate what questions they have about each area:

- An overview of all the credit union's loan products, including how they're performing;
- The loan process for each loan type, including credit requirements and the credit union's process for making decisions/underwriting;
- The important compliance tasks for each loan type;
- Delinquencies, charge-offs, collections and any other challenges the credit union has for any of the loan types.

Next, the candidate should meet with the head teller or most experienced front-line staff person. During this conversation, joined by the CEO, the candidate should hear from the head teller about life at the organization both serving members and internally.

### **The head teller should share details about the following areas:**

- Typical daily branch traffic and typical member needs during visits;
- Overview of how members are greeted, both by staff and by the physical layout/marketing materials in the branch;
- New member onboarding process;
- A walk-through of the credit union's core or data processor and any challenges with the system;
- An overview of front-line staff's internal controls for drawers, the vault, record/file keeping, etc.
- An overview of how the branch serves member via the drive-up window if applicable.

\* \* \*

By the end of the day, not only should the CEO have an even stronger understanding of the candidate, based on the questions he or she asks and the knowledge they demonstrate about running a credit union, but so should all key staff.

After the on-site experience, the CEO should then write up a formal report to the Board discussing this experience with the candidate. The report should note both the strengths this person will likely bring to the credit union as well as any concerns or issues he or she might have. Lastly, the CEO should make a final recommendation on whether to make the candidate an offer.

### **Background checks**

Depending on how many candidates you bring into the credit union for a day shadowing the current CEO and staff, you may elect to conduct background checks and check the candidates' references before or after the visit.

Regardless of when you do it, **this is one of the most important steps in this entire process.** Just as it's critically important to find the right next leader of your organization, it's also important to ensure you're not handing the reins to someone who is unqualified or unfit to hold the position.

Leagues who have helped credit unions with executive searches in the past have said that conducting a thorough background check has literally saved credit unions on more than one occasion, and the failure to do so, in other cases, has led to huge problems.

Here are our recommendations:

- When checking references, the point person for this process should call the contact information provided by the candidate and ask about the specific experience, expertise, and leadership type that the candidate has shared with the Board or Selection Committee. Do the reference's answers match up with what you have learned about the candidate? The point person should also ask directly whether there are any red flags that should concern the credit union or force them to reconsider the candidate for the position.
- When conducting a background check, your only true option is to pay for a service that will look at criminal records, credit status, and education verification. If you're close to hiring the next CEO of your credit union, invest the money. As mentioned previously, protecting the organization from a hire that could deleteriously harm the credit union is one of the most important pieces of this search.

One recommended organization for background checks within the credit union movement is a new company called Humanidei. Reach out to Jill Nowacki for support at [jill@humanidei.com](mailto:jill@humanidei.com).

Regardless of choice of firm, the work MUST be done in accordance with the rules as stated in the Fair Credit Reporting Act (FCRA). Learn more at <https://www.ftc.gov/tips-advice/business-center/guidance/using-consumer-reports-what-employers-need-know>.

## **Finalizing Your Choice and Making an Offer**

At the next Board or Selection Committee meeting, the group will review the report created by the CEO after the on-site experience and hold a vote on whether to offer a candidate the position.

If consensus cannot be reached, the Board should strongly consider holding a second round of in-person interviews with the candidates and have further discussions. Hopefully, if there are strong opinions about both candidates, that means you have found some strong talent to lead the organization forward. Take full advantage of the Ideal Candidate Profile and the Credit Union Narrative to frame your discussions and make your final decisions. While the conversations may be challenging, it's important to have unanimous agreement over the final candidate.

## **Making an offer**

It's time to notify the chosen candidate that the credit union would like to hire her or him as its new president/CEO! It's a good strategy to wait to inform the candidates who were not chosen until the offer is accepted in case your first choice declines the offer.

The current president/CEO or the Board Chair can make the phone call to the selected candidate. During the call, inform the candidate that she/he will be receiving the full offer with salary and benefit specifics included via email shortly for review and acceptance.

What to include in the offer:

- Starting salary
- Description of executive benefits
- New employee policies
- Personal time off policies
- Start date

## Negotiations

The salary you first offer the candidate will largely depend on two factors:

1. The target range he or she shared when first applying for the position.
2. The target salary the Board or Selection Committee identified for the credit union earlier in this process.

If the candidate's salary range tracks closely with the credit union's mid-point target, start with an offer short of that mark in case the candidate would like to negotiate for a higher salary. That provides you wiggle room up to or even somewhat above the mid-point or target the credit union identified.

If the candidate's salary range falls on the high-end of the credit union's salary capacities, consider starting the first offer slightly above the target mid-point, so that negotiations don't ultimately push the final number too high above the range the Board felt was most reasonable for the credit union.

It's always possible that the candidate will ask for a higher salary than the credit union first identified it was willing to pay. If the candidate is adamant about a certain salary range that falls outside of the credit union's target range, the Board will have to decide whether it can offer this. Consider an open and honest conversation with the candidate about the credit union's financials. It might give him or her a stronger understanding about what the salary will mean for the financial health of the organization.

As negotiations unfold, remember this final piece of advice. No matter how talented or desirable the individual, the Board is responsible for representing the credit union's members, and burdening the organization with too high of a salary for the CEO might not be the most prudent decision.

Additionally, don't forget during the negotiations that the credit union has more than just a salary to reward its new leader. Remind the candidate of the career opportunity, and the opportunity to shape an organization and strengthen a community and the people the credit union serves. There are many jobs in the market that pay salaries perhaps at the level the candidate is asking for. But there are FEW jobs that pay decently well and allow a person to grow, thrive, make a deep impact on people and have true life fulfillment like one can as the CEO of a small credit union.

With luck, you and the candidate will come to an agreement on an acceptable compensation package. If so, Congratulations!!! You have found the next leader of your credit union! It's now time to set them up for success.

Your last step.

## Step 9: Transition and Integration

### Time commitment for this step:

- CEO: As much as you're able to dedicate.

What must happen now to ensure the candidate is successful?

This will depend on when the current CEO plans to retire. If the transition window between outgoing and incoming president is slim, then your work on the recommendations in this section should take place prior to the hiring of the new CEO, such as documenting job responsibilities and creating an organizational chart.

If the CEO still has six months or more before retirement, several of the next steps might be completed in the coming months. Which brings us to step one.

### Confirming the start date with the candidate

Again, this will depend on the capacity of the credit union to pay two CEOs simultaneously. The Board should work with management to determine what that capacity is, while also working with the CEO to understand his or her intentions, i.e. the date of retirement, so that the organization can move forward with a clear date of hiring and retirement.

It would be helpful to have a strong understanding of this prior to the search so that once you make the offer, you can inform the selected candidate when his or her first day will be.

### Documenting institutional knowledge in the CEO Handbook

If you've been the president/CEO of your credit union for any significant amount of time, you quite simply are a wealth of institutional knowledge and information. You know where the proverbial bodies are buried. You know how to unlock the sticking door. You know which staff get along and how long the call report takes to fill out and what food to serve during the annual meeting.

Beginning with the most essential information first, the single-greatest thing the outgoing CEO can do to ensure a smooth transition is document your life as the leader of the credit union.

Take the following outline for how this "CEO Handbook" should be structured and spend at least some time each day filling it out to the best of your ability and to the greatest detail possible. This document will be essential to their success! The more detailed and organized you make this handbook, the better.

## CEO Handbook

- I. **Daily Life** – From the moment you walk into the branch to the moment you leave at night, document everything that you do and why you do it.
- II. **Daily Responsibilities** – Separate from a day in the life as the CEO, this is the section where you document every task that you, as the CEO, *must* complete by the end of the day. This will vary depending on the size of your staff of course.
- III. **Weekly/Monthly Responsibilities** – Board meetings, Supervisory Committee meetings, payroll, month-end, think about every task or that must be completed each week and month to keep the lights on. They should be well-documented.
- IV. **Annual Responsibilities** – Where do you traditionally host the annual meeting and how has that event come together? When was your last state or federal examination and what were the results? What does getting ready for and executing year-end look like?
- V. **Filling Out the Call Report** – What is your process? How long does it take you?
- VI. **Organizational Chart** – Document who reports to the CEO, what their job titles are, and detail their responsibilities at the credit union. Also create a profile of Board members and volunteers.
- VII. **Policy Book** – If you don't have this already, organize your policies in alphabetical order and organize them in a way that will be easy for the incoming CEO to look through.
- VIII. **Essential CEO Files** – Identify all the files on your computer that are essential to running the credit union, spend time organizing them so that someone else will be able to easily navigate them and ensure the incoming CEO has access.
- IX. **Vendor List and Contact Information** – One of the most important documents you can create is a list of all vendors and your contact at those organizations. Make sure to include detailed descriptions of the work or services they provide the organization as well.
- X. **List of External Resources** – Make sure the incoming CEO is aware of the League, CUNA and the CUNA Small Credit Union Community, chapter activities, names and contact information of other CEOs with whom you have a good relationship, or any other resources you took advantage of for outside support.
- XI. **Miscellaneous** – You've just created an enormously valuable tool that will set up the next leader of the credit union for success. Is there anything else you can think of that would be helpful as they get started? Any challenging members to look out for? Trends in fraud that the credit union has seen of late? Assessments or forecasts of the field of membership? Make sure to document whatever you can think of here.

## Conclusion: A Heartfelt Thank You and Congratulations

At last you've arrived at the end of your responsibilities not only in this process, but in your service to your credit union. A most sincere and of course bittersweet congratulations to you. And also, just as importantly, a huge thank you.

Inferior or neglected succession planning remains one of the top reasons why small credit unions decide to merge, and by going through this process you have ensured that your organization has a strong leader to keep it healthy, vibrant, and sustainable now and into the future. Small credit unions are essential to the financial health and wellbeing of their members and the communities they serve, and keeping your credit union alive, making sure that it has a leader who will drive its work and service forward, well that might be one of the greatest achievements in your career.

Thank you for all you have done. Now go enjoy retirement (and maybe keep your cell phone on, you'll probably still need to answer a few outstanding questions).

## Index of Resources:

- CUNA Small Credit Union Community: [cuna.org/SmallCU](https://cuna.org/SmallCU)
- CUNA Compensation Strategy Resources: [cuna.org/compensation](https://cuna.org/compensation)
- Local compensation benchmarking services: Compease (<https://www.cuna.org/compensation/>) and BalancedComp ([balancedcomp.com](https://balancedcomp.com))
- League job boards and executive search services (contact your League)
- Background check services: Jill Nowacki at [jill@humanidei.com](mailto:jill@humanidei.com)



