

I have told them in one word the kind of person that I believe will be a good replacement. That word is PASSION. I believe that in order to be great at ANY job, you have to have passion. The great credit union CEO lives, eats, breathes and sleeps his credit union. In short they have a passion for the job. They will never be satisfied with normal. They will constantly strive to be the best. They will not be content to see their credit union survive. They will put every ounce of their efforts into seeing the credit union thrive. Every job has things that you don't like. It is passion that will get you through those tough times.

-Dave Wright, CEO, Services Center FCU



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Chris Butler — Community CU  
 Mark Elliott — Onboarding Services LLC  
 Jeff Jorgensen — Sioux Empire FCU  
 Dave Keim — Western Districts Members CU  
 Glenn Kretchmer — ATL FCU  
 Scott McFarland — Honor CU  
 Vickie Schmitzer — Frankenmuth CU



6000 28th St SE  
 Grand Rapids, MI  
 49546

T 616.285.5711  
 TF 800.327.3478

## WHAT MISTAKES CAN A BOARD MAKE DURING THE INTERVIEW

PROCESS THAT COULD BE AVOIDED?

- Not committing enough time to the process. A 60-90 minute session does not allow enough time for in-depth answers to enough questions. A shallow interview doesn't generate the necessary analysis of the individual needed for such a high profile position; 3-4 hours is the recommended time for conducting the interview. This also allows the candidate to perform an adequate evaluation of the board.
- Appearing to be unprepared, unstructured, or unknowledgeable. Punctuality is important.
- Approachability – does the Board appear over-controlling? Do they let the candidates speak and sell themselves? Are they transparent, or not willing to disclose information; will they answer questions asked of them?
- Failure to capture in writing their evaluations of each candidate during the interview and immediately after. Given the length of the recommended interview, long sessions without documentation could cause multiple candidates to blur together, and distinguishing features lost.
- Not protecting the confidentiality of candidate information. Unless the candidate is unemployed, he or she is putting their current job at risk by interviewing. That reality calls for a process that is built on 'risk management'. That includes *not* openly talking about candidates during the process and *not* conducting informal references.

## WHAT KIND OF EMPLOYMENT CONTRACT WOULD YOU THINK MAKES

SENSE TO BOTH CREDIT UNIONS AND CEO PROFESSIONALS TODAY? IS A CONTRACT IMPORTANT?

This may vary based on the result of the interview, the candidate and the Board. See below:

"I wouldn't take the job without a contract, clearly spelling out terms, renewal processes, benefits beyond what every employee gets, termination process, responsibilities, roles, positions on committees, Board, and a deferred compensation program designed to keep me." –Chris Butler, President/CEO, Community Credit Union

"I think a newly-hired CEO deserves a contract, for the benefit of both parties. This is the blood & guts of the relationship and can be the constant in this Board/CEO relationship as the volunteers turn over during the CEO's tenure." –Jeff Jorgensen, President, Sioux Empire Federal Credit Union

"I would not offer any contract until after 6 months to see if you got what you thought you were hiring." –Vickie Schmitzer, CEO, Frankenmuth Credit Union

"The Board here preferred to work on the "handshake" method and I had done my homework regarding their time on the Board etc. ( a profile of the Board members was sent to me with a history of the credit union and key events over the credit union's history...) If I saw unrest or an internal candidate from the Board – I would require a contract." –Scott McFarland, President/CEO, Honor Credit Union

# NETWORK collaboration

SUMMER EDITION 2010



## THE POWER OF THE NETWORK:

The other day I was being interviewed on Network Concepts and I was surprised by two very simple question: "Why should today's business leaders understand the power of network designs? Why do they need to adapt these principals to their business models and operations?"

To be honest, I thought most business leaders were already past this question. Every consumer, potential employee, board member, and future leader is already immersed in the ideas of being connected. Every day they experience the flow of shared experiences, shared ideas, shared solutions, and shared challenges.

## THE FOUNDATION FOR FUTURE MODELS, TODAY.

The Network has evolved from a simple concept of cooperation to the way business is done. And every day that belief system is pushing the boundaries of development and advancement in our society. My simple answer, then, was "If you are still wondering why to use the networked world, you're behind the curve."

Of course using the network does not mean you don't still act for your own best interest. You're independent; you are *yourself* in a crowd that helps you get things done.

Breaking this down for a business leader then becomes very easy: The consumers you serve will expect your business solutions to take advantage of network opportunities. The employees you hire will have been trained to expect networks to be available to them in solving problems and succeeding. The volunteers who join your Boards will ask whether you are connected enough. Your marketplace peers will be right there with you; ready to interact, exchange, and solve problems through networks as well. ...CONTINUED ON INSIDE FLAP

## TAPPING INTO THE COLLECTIVE KNOWLEDGE OF A NETWORK

Recently a credit union board chairman found himself in the position of having to lead the search to replace a CEO nearing retirement. The obvious path of hiring a consultant and reaching out to a third party like the League didn't seem broad enough and the expense was a concern. Since many heads are better than one, the idea of tapping into an existing network was appealing. But rather than poll thousands on the internet, the credit union wanted to poll a network of peers they could reach—a network with a reference. So the chairman reached out to the CU\*Answers network.

The result is what you find in this newsletter; diverse opinions direct from individuals with the experience of interviewing from both sides of the table. None of the bias of someone trying to win a consulting contract, just insight directly from other CEOs and Board members on different approaches to the search for a CEO,

the interview process, and what terms should be given when a choice has been made. While by no means the only source of input for this chairman, the diversity of perspectives made it a powerful testimony to the power of a network.

What did this exercise cost the credit union? Just the mental expense of asking, of putting an idea out there for a crowd to examine. What did it cost the network? Just the effort of responding in that same spirit of group collaboration. And what did it yield? Read the comments and judge for yourself.

The world is changing, and the reward for participating in the expansion of ideas and solutions—simply by exposing your own thoughts—is a learning tactic growing in popularity. What other challenges could our network tackle this way?



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## AS A CASUAL OR “KEEPING YOUR OPTIONS OPEN” KIND OF CEO,

WHAT WOULD YOU LOOK FOR IN A POSTED OPPORTUNITY THAT WOULD CATCH YOUR EYE AND MAKE YOU THINK I SHOULD LEARN MORE?

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- Location and community – Is the community and region growing, and the opportunity for an increased field of membership and assets growing with it?
- Field of membership if it is unique or a good niche; i.e. UW Credit Union has a never ending source of new members and lasting affiliation.
- Current market competition – how is the credit union faring compared with other local alternatives?

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## AS A CEO THAT MIGHT BE REALLY LOOKING FOR AN OPPORTUNITY—

WHAT CHARACTERISTICS OF THE JOB OFFERING WOULD PUT THE CREDIT UNION ON YOUR SHORT LIST OF CALLS TO MAKE?

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- Type of charter, type of field of membership, years in operation.
- Staff turnover, particularly senior management, last exam findings, CAMEL rating and ratio trends.
- Can the credit union demonstrate a collaborative spirit and drive to grow this network?
- Is the Board a supporting group that will accept new ideas and not micro manage?
- Past creativity and growth from the organization, a recognizable “voice” in the communities they serve, and a commitment to growth that can be seen in the numbers and activities.

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## WHEN YOU GO IN TO SEE A BOARD TEAM THAT IS INTERVIEWING CEOS,

WHAT DO YOU LOOK FOR IN THAT INITIAL MEETING?

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- Board preparedness – knowledge of the credit union, expectations of the new CEO, ability to summarize the Credit Union’s business plan, a review of their last strategic session and top three strategic goals over the next 2-3 years. Can they identify the challenges and opportunities for the Credit Union going forward?
- Board involvement – are there defined roles for the Board and management, and do these overlap? Do they micro-manage the staff? Do Board members volunteer OUTSIDE of the Credit Union Board and are they requiring of themselves continuing education? How do they manage staff “leapfrogging” management and addressing issues with the Board directly? Are Board members active participants in the Credit Union’s products and services?
- Board makeup and terms – what education does the Board have? Does the Board reflect the “average” Credit Union member? Does the Board have term limits, and what is the average tenure of Board members? Are Board members eligible for employment positions or is there a waiting period to become employed with the Credit Union after their departure from the Board?

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## AS A CANDIDATE FOR THE POSITION, WHAT QUESTIONS WOULD YOU

FIND INSIGHTFUL?

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- Leadership – how would you define your leadership style, and do you believe you will be able to command the respect of long tenured staff? How much turnover have you had at your current Credit Union? Why are you leaving your current position, and how long do you plan on working here?
- Knowledge/Education – smaller credit unions will require the CEO be hands on; do you know accounting, lending, collections, etc? Larger credit unions may require the CEO have better organizational/managerial skills; can you delegate work to maximize staff efficiency? What training or education have you received?
- Ambitions – why do you want to work here, and how will you improve our credit union? What top three things motivate you, and what would you consider success for yourself and for the credit union? Give me your definition of a strong balance sheet and income statement. What are your expectations of the Board of Directors and what should we expect from you?

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## WHAT SHOULD THE BOARD EXPECT FROM THE CANDIDATE TO

PROVE THAT THE CANDIDATE IS LOOKING REALISTICALLY AT THE OPPORTUNITY?

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- A resume that shows that the person has done/can do the job. They should ask for and follow-up with references, verify education and certifications.
- The candidate should be able to prove they are ready to grow the Credit Union, and not simply run it on a day-to-day basis.
- Did the candidate prepare for the interview? Did they bring any presentations or deliverables illustrating their interest and resourcefulness? For example, the candidate may have analyzed the call report data to determine trends; then provide solutions and improvements for the negative and positive trends respectively.

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## WHAT SHOULD THE CANDIDATE LOOK FOR IN A BOARD

OF DIRECTOR'S RESUME OR TOOL KIT? WHO DO YOU WANT TO WORK FOR?

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- Can the Board provide a list of references? Do these references include any community, legislative or credit union contacts?
- Is there diversity amongst the Board in terms of age, gender, geographic, socioeconomic, and education? Does each member provide a different perspective or educational/professional background; i.e. finance, legal, sales, education, etc.
- Is there value placed on continuing education? Does their documentation suggest an attitude of growth or maintaining the status quo?

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## AS A CANDIDATE, WHAT DO YOU LOOK FOR IN A

MEMBERSHIP'S MAKE-UP OR COMMUNITY? WHO DO YOU WANT TO SERVE?

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- SEG based Credit Union – what is the condition of the sponsor company? Are they growing, contracting, a candidate for a merger or acquisition?
- Community Credit Union – what is the employment outlook of the community? Is it a tech or small town environment, and is the area expanding? Is it a closed community, or open and willing to expand the membership?
- What are the current age demographics, and in what direction is the average age of the region trending?
- Are the city government and chamber of commerce actively working to attract new businesses? Who are the community leaders, major employers, schools and is the community generally willing to assist the less fortunate?

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## WHAT RESOURCES CAN THE BOARD OF DIRECTORS USE WHEN

LOOKING FOR A NEW CEO?

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- Michigan Credit Union League sponsored sources, such as the [Monitor](#).
- National and Regional publications, such as *The Times* or *Journal*.
- Social media outlets: [LinkedIn](#), [BNI](#), etc.
- Executive search groups: [HRN Management Group](#), [ASG Team](#), etc.
- Local chapter meetings.
- Word of mouth!



Everyone around you is learning to expect a network solution. CU\*Answers isn't teaching this to them; they're learning it as part of their daily lives. Therefore, *act* with your stakeholders, and **take advantage of the network**.

This year CU\*Answers celebrates our 40<sup>th</sup> anniversary. What started out as a collaborative business to share technology, over the years has found new value in the fact that the highway that we built is now a core asset to so many. The ability to interact collectively and use the power of shared resources to craft new independent and cooperative solutions is one of the things we all count on.

What started as an idea about how to do things yesterday, has turned into a template for doing things tomorrow. CU\*Answers didn't invent it; we were just in the right place at the right time.

And the cool thing about CU\*Answers is, we have a short-term advantage from being in the right place at the right time. So we can get started NOW on what others are starting to think about. CU\*Answers is a proof of concept for network ideas.