Board Relations:
3 CEOs - 3 Perspectives
Meet Your Speakers

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Board/CEO Relations

Developing and Managing a Positive Ongoing Relationship

Sandi Carangi, CEO

Mercer County Community Federal Credit Union
Introduction

• The CEO Council provides a forum for exchange of ideas that among other things help CEOs refine the art and craft of their discipline.

• No other aspect of a CEO’s job is more important than their ability to effectively manage the relationship with their Board.

• Today the three of us are here to discuss our respective approaches. There are some general principals that are common but each organization and cast of characters will require it’s own unique approach.
About Mercer County Community FCU

• Chartered in 1957
• Community FOM
• 2 Branches
• $80 Million Assets
• 10,000 Members

• 7 Board Members
• 5 Member Supervisory Committee
  (1 is also a board member)
Developing a New Relationship

• Prior Research (or within first year) –
  Develop Checklist (i.e. Bio of all Board Members, Board Relationship Expectations, Organizational Chart, etc.)
  Meeting with Chair – monthly
  Prior Meeting with Retiring CEO (if possible – smooth transition)

• Setting Parameters –
  Policies and Guidelines - Bylaws
  Board of Directors Agreement
Growing the Relationship

• Engagement
  Emphasize Training and Education
  Focus on Vision and Strategy
  Set Goals and Approve Policies and Budget

• Communication is Key
  Board Meetings
  Community Events
Learning From Others

• Take Advantage of Outside Professionals
  Compensation and Benefits
  CUNA Mutual Group and CUNA Resources
  Compensation Research
  Evaluation Templates – Tied to Strategic Goals

• Board Governance Training
  State League
  Others
Taking the Lead

• Always Keep Main Focus on Strategy
  Everyone Is Accountable
  Share Updates (quarterly)
  Everything is Tied to Goals

• Accomplishments
  Share at Every Board Meeting
  Celebrate the Good
Board/CEO Relations

Nader Moghaddam
President/CEO
Financial Partners CU
About Financial Partners Credit Union

- Established in 1935
- Community FOM
- 20 Branches
- $1.378 Billion Assets
- 81,000 Members

- 9 Board Members
- 3 Associate Directors
- 3 Member Supervisory Committee
Key Principals

1. Proactive Communication
2. Board/CEO agreement on governance practices
3. Climate of Transparency
4. Trust
5. Strategy alignment & ownership
6. Don’t forget the Board is in charge
1. Proactive Communication

• Monthly meeting with the Chair
• Rotational meetings with all volunteers (one per month)
• Weekly note about CU’s community activities
• Monthly strategic discussion at Board Meeting
• Regular discussion about governance standards
• No surprises!
2. Agreement on Governance Practices

Dos:

- The Board determines the strategic direction.
- Board speaks with “One Voice” to the CEO, management and public.
- Board delegates operational authority to the CEO.
- Board and management roles are clearly defined and all parties are accountable.
- Open and full disclosure -- no surprises.
- Integrity is the key – all adhere to Code of Conduct and Ethics Statements.
- Act professional at all times, not just at work functions.
- CEO performance is tied to the Board’s established strategic goals.
2. Agreement on Governance Practices

**Don’ts:**

- Board gets involved in making operational decisions.
- Board controls what they can versus what they should.
- Board does not perform an annual self-assessment.
- Individual board members give direction to CEO or other management staff outside board meetings and without formal board action.
- Lack of training or mentoring of new and current Board members.
- Lack of succession planning for Board and CEO.
- No measurable goals set or timely reporting required.

*Adapted from: Kathy Garner & Arthur Arnold*
3. Climate of Transparency

- Communicate early
- No sugar coating -- bare it all “good & bad”
- No favoritism
- Take responsibility – own it
- Transparency is easier with good results – positive outcomes are easier with transparency
4. Trust

• Trust = Predictability
• Avoid surprises
• Consistency in structure & process
• Execute on follow ups
• Reasonable promise, over deliver
• Always keep the focus on the member/vision
5. Strategy Alignment & Ownership

- Collaborative process – Management recommends, Board provides feedback and approves – in the end all own the Strategy!
6. Don’t forget the Board is in charge!

- Communicate Professionally – prepare, digest your message, rehearse, pre-position & test new ideas before presenting
- Avoid falling on your sword – have an open mind & be willing to accept partial wins
- Communicate at a strategic level
- Never let your guards down!
Board/CEO Relations

Fundamental Element of Harmonious Board/CEO Relations:

Alignment

Board → Management → Staff

Bill Raker
Retiring CEO, Firefly CU
About Firefly Credit Union

• Chartered in 1925
• Community FOM
• 10 Branches
• $1.286 Billion Assets
• 79,000 Members

• 9 Board Members
• 2 Associate Directors
• 3 Member Supervisory Committee
Alignment

• Mission, Priorities, Goals, Strategies, Plans,
• Recognition/Reward Programs
• Requires focus and discipline
• Review and recalibrate frequently (Quarterly or Semi-Annually)
• Key Players:
  • Board Chair – keep board aligned and focused
  • CEO – keep staff on the path
  • Chair and CEO decide together what goes on the board meeting agenda and on the planning session agenda
Alignment

• Eyes off “shiny objects” and “squirrels”
• Requires shared Vision
  • Clear line of sight from where we are to where we are going
    • Re-enforce the “What”, the “Why” and the “How”
• Constant illumination on the chosen path that will get us there
• Signs of misalignment
  • Board factions
  • Employee disengagement (just a job)
  • Priorities & goals are not clear and/or keep changing
  • Vision & Mission are vague or overly complex; people can’t recite them
Misaligned! Now What?

• Realignment – Time to get to work!
• Board’s “To Do”
  • Self assessments: 1) as a unit, and 2) directors assess each other
  • Team building exercise including directors and the CEO
  • Chair to attend a leadership/governance seminar/workshop
  • Orchestrated turnover of board membership
• Management’s “To Do”
  • CEO, take charge and lead!
  • Team building exercise with management team
  • Improve communications
  • Reinforce accountability
Misaligned? Now what?

• Staff
  • Perhaps the area of greatest vulnerability
  • Formal assessment/survey – independently find out where and why employees are “off the rails”, then take corrective actions
  • Look to how new employees are being on-boarded; you might be surprised
  • Detoxify the ranks

• Revisit Vision, Mission, Strategic Plan, Rewards Programs – Are they all properly aligned and clear to everyone?
Organizational Alignment

- Simple concept – all on the same page all the time
- Powerful influence – a force multiplier; a friction reducer
- Difficult to achieve – sometimes
- Easy to overlook or defer – multiple priorities
- Requires on-going effort to maintain – all the time
- Essential for harmonious Board /CEO relations
Thank You!