

Effective Board and Management Relationships



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POLL QUESTIONS

1. Have you ever experienced as a director, questionable behaviours concerning transparency or integrity?
2. If so, how did you react to the situation?

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Part 1, Directors - Case Study (5 min read)

Allco Credit Union (ACU), a relatively new credit union with assets of just over \$4.5 billion was formed through a number of strategic mergers from a number of smaller credit unions serving predominantly smaller communities. Members have remained loyal over the years to the original CU's' and this has continued with the newly created ACU.

The merger required the hiring of a CEO to oversee its affairs as well as requiring the election of a chair. Both the CEO and the chair come from within the merging credit unions. The newly elected chair, Pam, has been a long time board member with one of the smaller CU, as well as a long time acquaintance and friend of the new CEO, Debbie.

An ad-hoc committee was created to oversee the process of hiring a new CEO. Pam was an influential member of this committee. She was quick in advocating and selling Debbie's candidacy as the perfect fit for the newly formed CU. This led the committee to choose to strictly post the position internally, believing there was no need to look externally based on Pam's suggestion. After receiving in house submissions and proceeding to the interviews, the sub-committee quickly and unanimously recommended the hiring of Debbie to the board. Subsequently, the board also approved Debbie as the new CEO.

Debbie comes with some senior administration experience as well as a general BA. Since Debbie's hiring, she has invested much time building and investing in her senior administrative team as well as maintaining her relationship with Pam and some of the other board members. Both Pam and Debbie are frequently in communication for business activities relating to the CU as well as for personal purposes. Their frequent communications greatly facilitates the CU business discussions prior to the scheduled meetings thus expediting deliberation during the board meetings. The chair and the CEO are always in sync and always present a common front.

Most of the other board members, with exception, are predominantly old school and come, like Pam and Debbie from one of the original founding CU's. Presently, none of the board members have any accreditation qualifications in governance, even less the level A, B and C from the CUDA program or similar. Pam values board experience although she does not discredit on-going learning. She will adhere to the request of a board member wanting to participate in an on-going learning session or course which is not all that frequent.

The monthly reports submitted to the board indicate that all of its growth objectives have been met to Debbie's great satisfaction, as well as Pam's and the board members. All in all, board members are very content with how the no conflict, 2 hour scheduled bi-monthly meetings proceed. Board members appreciate the structure of the meetings and the decision-making process that are in place, which seem most efficient. All of the information required for the meetings is shared 48 hours in advance of the scheduled meeting. During the meeting, senior administration will present a report or project for which the chair will quickly support followed by the majority of the board members. The collaboration and partnership amongst the CEO and chair greatly accelerates the approval of the reports and new projects. Seldom is there a need to question or hear various option models. Both board members and senior management present sense a general feeling of malaise should a question be raised during a meeting arise.

Thankfully, on these few occasions, the chair is quick to intervene and remind the board members how well things have been progressing in the CU. The last incident was involving a question related to a position filled without ever having been posted with a job description. When the process had been questioned, the chair explained to the board that no other candidate possessed this particular person's qualifications and it was best for the CU to proceed immediately with his hiring.

What is your perspective on this board? of this CU? and why?

Do you have any concerns, and if so, which ones? Why?

Part 2 – Directors – 1 minute read

Three board members, including the chair, resign within a short period of time of each other. Their resignations are either relating to the end of a mandate or for health reasons. The new board members are new to the CU system, and are willing to learn. The CEO seems destabilized by the departure of the previous chair and that the decision-making is now being done during the board meetings which has caused considerable meeting and discussion time as well as frustration with some of the original members. Some meetings have gone on for over 4 hours. You were elected as the new chair of ACU and this by acclamation.

What are your priorities over the next 12 months, over the next 3 years and why?

What are the strategic risks that you will be considering?

Key take aways...