"The Board and Strategy: Gaining the Most Value." by Jeff Rendel, Certified Speaking Professional

It's a question that permeates convention halls and breakout sessions: 'What is the proper role of the Board with respect to credit union strategy?' Where one Board feels a "hands-on" approach is best, another Board looks, first, to its CEO. How are credit unions getting this process right? How do they balance the Board's role to ensure members' interests are served with the CEO's role to design and execute the most appropriate business plan? In listening to scores of credit union executives, three elements emerged as drivers and shapers of a sound practice. Let's explore these components that demonstrate how credit unions are balancing the development and execution of strategy.

First, **seek the Board's input** on challenges and opportunities it finds most important. Most credit unions used their strategic planning sessions to collect these insights. Often, the CEO and her or his team would lead discussions on a variety of pertinent topics – growth, revenue, new products and lines of business, scale, technology, brand, etc. An effective pre-planning tool used asked each Board member to provide one topic he or she wanted to ensure was included in the strategic conversation. This allowed the Board to make certain that its pressing concerns were identified and discussed, as well as review the CEO's thinking as to the next level of strategic progress for the credit union.

Agreement could wait during this meeting. This session was more about trends, understandings, concerns, dialogue, and a general standard for the CEO to develop strategy. This format was particularly helpful for Boards that wanted to develop, strategically, as a governing body. Boards became less concerned about what happened "last year" and further focused on areas the credit union sought to explore and expand over the next several years. Strategic planning sessions were designed to be "heavy on ideas and direction; and, light on numbers." Boards found great value in being better prepared for potential investments and business model changes to continue leading on behalf of members.

Second, **look to the CEO to develop** a strategic approach and plan, bringing back methods that integrate the opportunities and challenges initially discussed. One CEO shared that her Board knew that growing revenue was important, but – as a voice for members – wanted to ensure that core banking services were zero- to low-fee. Another CEO described that his Board agreed that growth in new markets was needed, but expected the CEO to define the most likely markets for long-term success. The "hands-on" was left to the CEO as the expert to determine operating matters such as pricing, resources, investments, and trade-offs.

Additionally, CEOs consistently gathered their management teams for a day or two of comprehensive business planning and "How do we get there?" preparation to develop the best possible solutions to the overall strategic direction. "This is where the fun begins," shared one CEO. "With the Board, we discussed the 'possible.' With Management, we vetted concepts to determine the 'practical.' In the end, we articulated the 'doable.'" As CEOs and their executive teams worked out the details, all plans would flow back to matters of significance to the Board. "We kept our Board's four most important matters 'front and center' on a sheet of paper," said another CEO. "As we finalized tactical plans, we insisted and ensured that each delivered on one or all of the Board's expectations."

Third, **present the preferred approach** to the Board. Here is where the Board can deliver a lot of value by asking good questions. For example, do the prospective solutions address opportunities and challenges discussed earlier? Do the plans seem reasonable given scenarios and assumptions? Do the strategies feel too much of a stretch given the economy, resources, capital, etc.? Do the ideas seem too conservative for the opportunities presented? Might there be room for more risk? What are the trade-offs (even if time-based) that help the credit union deliver on the most important aspects of strategy?

This kind of presentation to, and feedback from, the Board allows the Board to: connect with the plan (considering how it upholds what is sensible for the credit union and members); be a good "sounding Board" for potential modifications; and, ultimately, own and fully understand the strategy it has helped outline (in the early phases) through good communication with the CEO, systematic updates on strategic progress, and the flexibility to make changes at the speed of members. One CEO shared how her Board grew as a result of this three-part process. "In the past, strategy sessions focused on how we served 100,000 members. Now, we focus on what we need to accomplish to serve the next 100,000. That pivot has made the Board more effective, as a unit, as more valuable to me, as CEO."

Boards provide remarkable value to the members they represent and the credit unions they serve. Safety and soundness is foremost, but a close second is the legacy value of always evolving and improving. This requires regular strategic conversations to establish that value is constantly delivered for current and soon-to-be members. As your credit union continues to transform for its members, consider integrating these ideas to enrich your Board's role in strategy and the benefit it provides your members and CEO.

Jeff Rendel, Certified Speaking Professional and President of Rising Above Enterprises, works with credit unions that want entrepreneurial results in sales, service, and strategy. Each year, he addresses and facilitates for more than 100 credit unions and their business partners.

Contact: jeff@jeffrendel.com; www.jeffrendel.com; 951.340.3770.