

State of Credit Union Governance 2020

Credit Union Governance and Leadership Trends



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Four Elements of Board Renewal Directors May Be Getting Wrong

Periodic Governance Assessments

↶ Credit union board members tend to have very different perspectives on the effectiveness of their governance assessment processes even within the same boardroom.

! Almost a third of surveyed directors believe their process is ineffective or very ineffective.

Governance Assessment Follow-up Plans

↶ Conducting a governance assessment is not enough. To create value, there must be an action plan designed to follow up on and address any issues or gaps identified in the assessment.

! Most board members reported that their board is not effectively making changes in response to assessments.

Onboarding Board Members

↶ The process to onboard new directors is critical because it provides them with the initial information and the relationships they need to effectively fulfill their roles and responsibilities.

! Most board members believe their boards must improve their current onboarding process.

Board Renewal Frequency

↶ The ideal frequency of board renewal will vary from one credit union board to another, but it is still critical for credit union boards to regularly inject new perspectives into the boardroom.

! Almost a quarter of credit union board members have been on their respective boards for at least 20 years. Nearly two times the average of 11.7 years.

Board Recruitment priorities do not align with valuable boardroom skills

Board Recruitment Priorities

1. Demographic diversity
2. Ability to focus on the future
3. Financial literacy
4. Specific operational expertise
5. Professional services expertise

Most Valuable Skills in the Boardroom

1. Ability to focus on the future
2. Independent mindedness
3. Financial literacy
4. Understands the membership
5. Consensus building

Boards need to spend more time on strategic matters

Directors want to spend more time on Strategic Matters

26% **36%**

Current: 26% of Average Board Meeting Time
Optimal: 36% of Average Board Meeting Time

Directors want to spend less time on Routine Items

14% **8%**

Current: 14% of Average Board Meeting Time
Optimal: 8% of Average Board Meeting Time

Board Members Agree: Chair has 7 Core Responsibilities



Managing the board's time



Appointing
committee chairs



Establishing the agenda



Appointing
committee members



Communicating
between the board &
CEO



Keeping the board
'out of the weeds'



Keeping all board
members engaged

Our Recommendations Focus on Big Picture Issues

Focus on strategic thinking and independent mindedness.

- What are the skills that make board members most effective in your boardroom?
- How do you evaluate your board members and support their ongoing improvement?

Take your board chair position very seriously.

- How does your chair term limit policy ensure the right balance of historical continuity and renewal?
- Do you have a process to prepare the new chair to be as successful as possible?

Create a board diversity plan.

- How will you balance demographic diversity with the need for both technical and soft skills?
- What is your process to ensure that diversity goals remain relevant?

Build alignment around what “effective” truly means.

- How does your board define effectiveness?
- Are you confident that your fellow board members are on the same page?

Invest more time in strategic matters board wide.

- What percentage of your board meetings focus on strategic matters?
- Is your board meeting its responsibilities in the area of strategy?

Download a free copy of the full report today!

<https://uoft.me/CUGov2020>



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