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# The CEO and the Board



CENTER FOR  
LEADERSHIP,  
STRATEGY &  
GOVERNANCE

BEST  
PRACTICES

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A strong, trust-based relationship between the CEO and the board is critical to ensure productive delegation and delineation of responsibilities. Just as credit union leaders assess and plan for the future of the board, boards must do the same for CEOs and credit union leadership.



## DELINEATING RESPONSIBILITIES

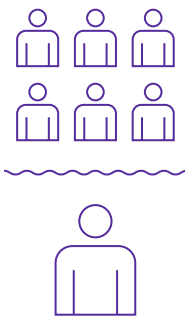
Directors should keep their eyes, ears, and noses in, fingers out.

In other words, directors should observe, ask questions, and give advice, but not micro-manage.



94%

of credit union leaders feel that there is a clear delineation between the CEO and the board.



Find that the line is blurring?

Adopt a decision matrix of responsibilities to describe who is accountable and responsible for what.

## KEEPING THE CEO ACCOUNTABLE

94%



of credit unions evaluate their CEOs annually, if not more frequently.



Like boards, CEOs should be evaluated annually.



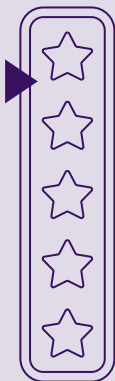
EXECUTIVE SESSIONS are another critical way to keep CEOs accountable.

Executive sessions allow directors to calibrate what they're hearing, raise questions or concerns, and allow the chair to funnel matters to credit union leadership.



### How to evaluate your CEO:

- STEP 1: Determine annual CEO performance metrics.
- STEP 2: Each year, measure performance against the performance matrix to determine compensation.
- STEP 3: Provide developmental feedback.



How often are credit union boards holding executive sessions?

16% every board meeting  
67% some board meetings  
16% never



Boards should hold an executive session at every board meeting, whether it lasts 2 minutes or 20.

## LOOKING TO THE FUTURE

Ensuring that a succession plan is in place is the fiduciary responsibility of the board.



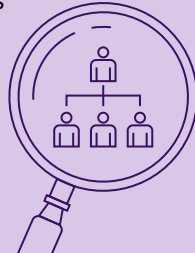
72%

of credit unions conduct an annual review of non-emergency succession planning.

Non-emergency succession planning should be reviewed annually at two levels:

CEO: Discuss who within the CU is most capable of taking on the role longer-term.

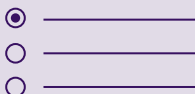
CEO's direct reports: Discuss who is most capable of stepping into each senior leadership role.



## ABOUT THE DATA

43

question survey on board practices



Respondents from

85

U.S. credit unions



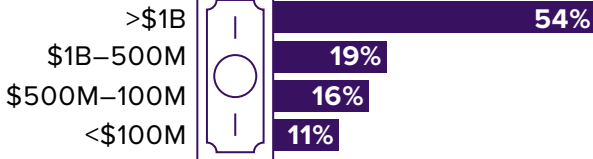
89%

CEOs/presidents

11%

other executives

### ASSETS



44%

federally chartered



56%

state chartered

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