

The Road to Resilience — How to Groom Future Leaders

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What is more important to the longevity or health of an organization than cultivating the next level of CEO leadership? You would think every institution would have a long list of promising, groomed alternatives ready to claim the throne. Yet, unfortunately an alarming number of credit unions are faced with a skills gap between the CEO and the ill-prepared top executives.

Nearly half of all organizations have no viable internal candidate to permanently replace the CEO if required to do so immediately. In fact, we've worked with institutions that hesitate to name interim CEOs during the transition phase to avoid giving too much authority to an unsuitable C-suite executive. However, certain organizations succeed in developing enduring bench strength.

Our Strategic Advisory Services team works with credit unions all over the country through their leadership transitions, and we have found common denominators that contribute to a succession plan's success. **Organizations that combine professional development and growth with the methodical process of succession planning create a sustainable and long-term roster of talent.**

Let's examine four strategies of succession management that will create a pipeline of internal chief executives to take your credit union to the next level.

1.) Invest in Human Capital

Although regulatory line items create urgency, the first step in leadership succession management is to move away from risk mitigation and toward a vision for career growth. Many of you are celebrating positive net income; some are increasing slimmed down budgets, while others are still operating with dangerously low capital. **No matter the financial outlook, you must invest in your human capital.** If your credit union's training consists solely on the online BSA course HR incessantly reminds you to take, it is time to step up your game.

Dedicate resources (time and/or money) to human capital. The board should understand that education and succession is a long-term investment without immediate return. Utilize business partners for help in creating career paths and building a foundation for executive positions and growth. Utilize the cooperative spirit and reach out to other credit unions who are working on the very same initiative.

2.) Cross-Pollinate

Capitalize on what you already have. Take a look at the intellectual capital and strengths of the existing executive team. Ask yourself how can you implement cross-training? Try

incorporating lateral business-function moves to gain experience. Just be aware of competitive barriers and people who are not collaborating in an effort to gain power.

Plan on attending conferences? Share this knowledge with the rest of the executives in a measurable way. Challenge them to attend events outside their comfort zone to grow. Encourage team members to obtain designations they've been "meaning to do" such as an MBA or CPA. Finally, suggest your executives take an active role on industry committees and boards. Networking is a powerful teacher.

3.) **Recognize that Pups Need to Be Nurtured and Trained**

Assess your executives in a fair, supportive and nonjudgmental manner, and allow them to be part of the process. Use the assessment as a benchmark or foundation for performance management.

Next, value the energy of young talent. Think of it this way: when your best friend, your confidant, golden retriever, Max, dies at age 16 —life without a dog seems unimaginable. Through the tears, you impulse-purchase a puppy, and it's a shock — the overwhelming energy of a puppy that pees everywhere, eats shoes and jumps on guests. Yep, puppies pee. They need training and more attention than Max did. But like your old dog, if you spend the time...one day, your puppy will grow up to be a CEO.

4.) **Write It Down**

Finally, capture all your insights in a simple, clearly defined and well-articulated plan. Keep it transparent. Share it with everyone, and make sure the plan remains flexible. Most importantly, treat it like a living document. Do not just file it into your business resumption until the regulator returns. The success plan must remain visible. Anchor it in your credit union's culture by incorporating it into existing policy, measuring success in your strategic plan and holding your team accountable to their efforts.

Effective succession management recognizes that talent impacts organizational performance. Embracing education and development allows you to enhance your leadership and position your credit union for the future.

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