



10 Questions Every Board Member Needs to Ask to Ensure Hiring the Right CEO

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The biggest risk to the future viability of a credit union is not consolidation in the industry; increased competition from banks; increased government regulation, or a more technologically demanding consumer. The biggest risk is the departure of a long-serving CEO and the board's inexperience in recruiting top talent.

The search for a new CEO is the most important strategic endeavor a board will undertake and carries with it a credit union's future viability. CEOs have been recruited for the top job only to fail wretchedly—consider John Sculley of Apple and Carly Fiorina of HP.

To hire the very best CEO, directors need clarity and commitment to the following 10 questions.

1. What talent and skill do we need in a new CEO?

It is well understood that successful teams blend individuals with varying communication and thinking preferences. Some CEOs naturally venture into an uncertain future and bring back to the present ideas rooted in exploration and innovation. They are invigorated by change and growth, and believe that greatness is rooted in an uncharted future.

Other CEOs look into an uncertain future and bring ideas to the present that are rooted in the past and are grounded in stability and the historical perspective. You need both—just at different times of the business lifecycle. Which skill set will prove most rewarding for your credit union?

2. What values must be preserved?

When it comes to hiring a new CEO, there is oftentimes confusion and uncertainty regarding how to determine if a CU's values resonate with a candidate. A crucial first step is to be crystal clear as to what values are central to the board and how each board member will recognize them in action.

Without values alignment, the result is too often an unhappy CEO as well as lower credit union performance.

3. What leadership style best suits our credit union?

Every director has a leadership style that influences his or her decisions about board governance as well as searching for a new CEO. A director whose philosophy is to be collaborative will search out and connect with a collaborative CEO. A competitive director looks for a CEO with a strong competitive spirit.

Two key questions for a board are: What style of leadership do directors need to best serve their members and employees? And, how will we know we've found the right leader?

4. Is there a culture fit with our new CEO?

Misalignment between a credit union's culture and a CEO's leadership style has derailed many new CEOs. Part of the decision-making process for hiring a new CEO needs to entail whether the credit union's culture is aligned with the leadership style of a CEO candidate.

The best way to do so is to have the board clearly articulate what parts of the CU's culture are worth preserving and what parts are open to transformation. Sharing this information candidly is the first step in determining if there is a true culture fit.

5. How long do we expect our new CEO to stay?

There is a talent war taking place for top-notch CEOs and the war is being waged for a generation

of CEOs who are a minimum of 10 to 15 years younger than the retiring CEO, and possibly 20 years younger than a director. This generational gap requires directors to view loyalty and tenure from a perspective dissimilar to their own.

It is true that CEOs serve at the pleasure of their boards, but younger CEOs are willing to continue serving their board only for as long as it fulfills their career aspirations—and increasingly that will not be 20 years. This requires directors to recognize that as soon as the recruitment phase is complete, the retention phase begins in earnest.

(Read articles on retaining a CEO [here](#) and [here](#).)

6. Are we collaborating with or delegating to our search firm?

As with younger CEOs, each type of director views recruitment firms differently. Traditionalist directors (often 60 years of age and older) feel comfortable delegating the responsibility for a CEO search to a recruitment firm. Generation X and Baby Boomers feel comfortable collaborating with a recruitment firm.

A director's first priority is to determine the board's role and responsibility in the search process and to specifically determine what aspects of the search process are to be delegated. Screening a candidate's background is a recruitment firm responsibility while determining whether there is values alignment resides with the board.

7. Is a merger an unspoken criterion of our CEO search process?

In a recent strategic planning session, a director suggested the board consider recruiting the CEO from a credit union that had been identified as a potential merger candidate. He felt there was a strong possibility "they could secure the CEO with the merger."

Mergers and CEO searches are separate decisions and need to be viewed as such. The criterion for a new CEO might involve communication excellence, leadership philosophy, and capacity for change. With a merger, consideration is given to economies of scale, financial performance, branches, and member/technology integration. These decisions require separate metrics and should be kept separate so as to ensure the quality of each decision.

8. What's our plan for internal candidates?

Boards can become so absorbed in the screening of external candidates that they neglect to effectively communicate with and manage an internal candidate's application.

How an internal candidate is treated in the search process influences other employees' behavior. If the process is handled well, the candidate speaks highly of his or her experience and of the professionalism of everyone involved. Since this will have implications for employee engagement, the process should be viewed much like a political campaign: have talking points, stay on message, and have one person be responsible for all communication with internal candidates.

(Get more insights about internal candidates in this [CCUBE article](#).)

9. Will our search process instill confidence and enthusiasm with members and employees?

Directors are not invisible. Their words, actions and behaviors send a clear message to members and employees about what is important. In turn, it's important for directors to keep in mind that they are being watched, and that their behavior is communicating what is important and valued.

Directors will be well served to view the search process from an employee and member perspective; specifically, directors need to ask themselves how they will infuse discipline and rigor into the selection process and, in turn, communicate to members and management that the process they've designed will result in the best candidate possible being chosen.

10. Are we relying on hope as a strategic tool in our search for a new CEO?

If you pay close attention to the words you and your fellow directors use in describing your recruiting process, you will oftentimes hear words that suggest hope has become a key strategy for hiring a new CEO.

Yes, hope and optimism are admirable characteristics and, yes, more than likely every board member has reason to be hopeful and optimistic about the recruitment process. However, the best strategy for hiring your next CEO is to answer the above questions and strive for clarity, commitment and effective execution.

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Apply it to Your Board Room When do you expect to need to hire a new CEO?

1. How long do you expect to retain a new CEO?
2. How would you answer each of the author's questions?