

Formalizing the Art of Board Composition

DISCUSSION GUIDE

Pre Read:

[Entrenched or Energetic](#)

[Formalizing Chapter 2](#)

ENTRENCHMENT

Optimizing board renewal is a challenge for boards in all sectors, but it can be particularly difficult for credit unions. Credit union board members have longer tenure than directors in other sectors, in part because of a reluctance to challenge the status quo and implement effective processes that ensure regular and healthy renewal. Research shows that doing nothing is the worst option.

Questions:

- ➔ The average tenure of directors outside of the credit union sector is approximately 9-10 years. What is the average tenure of your board members?
- ➔ How long before you expect the next vacancy on your board?
- ➔ Describe the mechanisms your board has in place to optimize renewal.
- ➔ If your board has few (or no) formal renewal mechanisms, how would they respond to a conversation about term limits? Director assessments?

RECRUITMENT

Pre Read:

[When Having Too Many Experts on the Board Backfires](#)

[Formalizing Chapters 3 & 4](#)

When they have the opportunity to recruit a new board member, credit unions usually prioritize the candidates better if they are well known to current board members and staff. It turns out that soft skills are much more valuable in the boardroom than most credit unions realize, and they should be prioritized during recruitment, perhaps even more than technical ability and certainly more than familiarity. Treating board recruitment more like the hiring of senior staff can yield excellent results.

Questions:

- ➔ List your board's priorities when recruiting new members. (Hint: if you're not sure, it's worth having a discussion at your next board's meeting!)
- ➔ If there was a vacancy on your board right now, what skills, characteristics, and personal traits would you like to add to the team?
- ➔ If you were forbidden from recruiting new board members from your board/staff social networks, where would you look?

INDEPENDENT THOUGHT

Pre Read:

[Seven Skills That Aren't About to Be Automated](#)

[Formalizing Chapter 6](#)

Boards benefit from independent mindedness more than any other skill or trait. Willingness to “speak truth to power” and change one’s mind enhances board decisions more than any other technical or professional skill. Even though credit union boards feel like they’re doing well in this area, they still want to get better. This can partly be addressed through improved recruitment, but there are opportunities to enhance independent thinking by refocusing agendas and formally monitoring the performance of the board.

Questions:

- ➔ Think of three questions that your board has asked - recently - that truly challenged management. What did you learn from them?
- ➔ Think of the last time a boardroom discussion caused you to change your position on an important issue. What about the argument did you find so compelling?
- ➔ What steps would you like your board to take to foster additional independent thought in the boardroom?

DIVERSITY

Pre Read:

[Orchestrating Impartiality](#)

[Formalizing Chapter 7](#)

Credit union board diversity is ahead of other sectors, at least when it comes to women on boards. But the composition of boards is far from representative of typical credit union membership. Research shows that demographically diverse groups are more likely to challenge each other and make more effective decisions. Just as important, a diversity of skill sets can ensure that boards have a multitude of perspectives at the table. However, our deeply-ingrained biases are a difficult obstacle to recruiting diverse directors. Board diversity can seem like an insurmountable challenge, but sometimes all it takes is an explicit commitment to achieving ambitious objectives.

Questions:

- ➔ How well does the current makeup of your board represent the makeup of your membership? How much does it matter?
- ➔ To what extent does your board formally consider demographic diversity when recruiting new board members? Is it a priority when compared to other skills and characteristics?
- ➔ If your board struggles to identify candidates from diverse backgrounds, what steps would you take to address the issue?