Readying Your Board for the Future by
Challenging the Governance Status Quo

Presented by:
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Board Services

- Board Development
- Executive Search/Succession
- Executive Development
- Strategic Planning
- Compensation Philosophy
BOARD DEVELOPMENT

Bring It.

FACILITATE TRANSFORMATIONAL CHANGE
Guide the organization strategically forward.
EXECUTIVE DEVELOPMENT

Right Now.

STRATEGIC BENCH STRENGTH
Cultivate strategic thinking, enhance coordination, elevate pragmatic communication, and eliminate silos.
STRATEGIC PLANNING

Going Deep.

STRATEGIC OPPORTUNISM
Discovering, empowering, and taking action on your organization’s true potential.
EXECUTIVE SEARCH

Power Up.

TOP TIER APPROACH
Attract the talent necessary to satisfy the strategic context of key positions.
The DDJ Myers Transformational Change Model
The catalyst to becoming a high performing board.
1. Status Quo Trajectory
2. Doing vs. Being Great Board Members
3. Choice Points to Strong Governance
Irreversibility of long-term status-quo
Deflated and Disappointed
Status Quo Outcomes

50% leave the board room feeling tapped
67% passive
70% bored
1/3 listening to reports
11% education
20% discussion
13% collectively making sense
Elephant in the Room

Invisible systems

Over reliance on policy

Cognitive biases

Filters
1. Accounting
2. Personal income
3. Human nature
STATUS QUO - A BUSINESS KILLER

1. Lack of clear direction.
2. Planning is the focus, not execution.
3. Distaste for risk, change.
5. Lack of accountability for performance.
Keegan’s Five Levels of Consciousness

1. Facilitated by a SME (Subject Matter Expert)
2. Blind Spots
3. Real time course correction
Stay switched on!
Higher Order Thinking Skills

1. Formulate the question
2. Gather information
3. Apply information (ask great questions)
4. Consider implications (unintended consequences)
5. Explore other points of view
6. Refrain from judging masked as recommendation/decision
Doing vs. Being Great Board Members
Board Members zombie march to their meetings
I serve on this board with no expected recognition, status, or reward.

I am committed to be in a learning mode 24 hours a day to be adept in governance.

I prepare for board meetings, show up ready to engage, and to ask strategically and future oriented questions.

I understand how the balance sheet works.

I leverage technology as a leadership information and coordination tool.
Make BIG Commitments

- I represent the entire membership, its diversity in demographics, regardless of socioeconomic or gender status.
- I practice critical thinking.
- I have skills in digital services and marketing and promise to use my gifts and talents to support the vision and strategic direction of the organization.
- I promise to provoke when there is unspoken disagreement or an abundance of groupthink.
Ask BIG Questions

- What are the best measures to track organizational performance that align with our new strategic plan?
- What does our board need to see on a monthly dashboard or in a President’s report?
- How are we spending 75-80% of our time in strategic dialogue and future sensemaking?
- What would be the advantage of ten minutes or more of board development at each meeting or an hour once a quarter?
Ask SPECULATIVE Questions

• What would be different in our board succession if we met once a quarter in the room and twice via video?

• What would be different if each board member was required to be adept at technology?
How would we behave differently if we had to meet in front of at least 100 members?
What would shift in relationship with our CEO if we asked more critical thinking questions?
Choice Points to Strong Governance
YOUR CULTURE IS YOUR BRAND
Many Boards are in a Reflective State

- Identity Alignment
- Who are we?
- How do others see us?
4 Concepts of Reality in Structure
Culture of Inquiry
Change is Not a Surprise
CEO Strategic Succession Planning

5 YEARS
- Strategic Thinking
- Conversations
- Role of Board
- Role of the CEO
- Interim Plan

< 3 YEARS
- CEO profile
- LDP
- Coaching

< 2 YEARS
- Update CEO profile
- Reassess Internals
- Update LDP
- Employment Contract
- Compensation/Rewards
- Performance Standards

< 1 YEAR
- Internal
  - Interview
  - Selection
  - Transition Plan
- External
  - Search Consultant
  - Search Commences
  - Candidate Interview
  - Decision
  - Transition Plan

POST DECISION
- Contract
- Relocation
- Onboarding

6 MOS
- Check in
  - expectations
  - surprises
- Board-CEO Relationship

12 MOS
- Trust
- Values
- Performance
- Evaluation

ALIGNMENT ON SUCCESSION STRATEGY
COMMUNICATION STRATEGY

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## Board Strategic Succession Planning

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Executive committee, in consultation with the CEO, sets the agenda 7–10 days in advance.

Board drives the agenda.

Begins with approval of the previous minutes.

Every agenda item connected to operational excellence or strategic action.
• Conversations around strategic thinking and organizational transformation.
• The 75/25 rule.
• Start with the most important topics.
• Topics arranged in descending order of importance.
Consent Agenda Reviewed in Advance

- Reports
- Updates
- Routine Actions
- Committee reports that do not require board dialogue or action.
Committee Reports

- Committee recommendations to the board are formal agenda items.
- All board members should be ready for dialogue and decision (not drawn out).
- Move to motions.
- Dashboards are helpful.
- No presentations without prior background information.
Prior Background

Information/Knowledge Sharing

• Requires an executive summary (one page distillation).
• Each board member is fully prepared.
• Time is best used on dialogue and decision.
Minutes

• Document governance attention.
• Governance record of due diligence.
• Record topics and issues of discussion.
• Actions need to be documented.
• Demonstrate director debate (high profile).
• Confirm accuracy.
The New Committee
Committees

- Support a policy or strategy.
- Follow a written charter: purpose, makeup, boundaries, processes.
- Divide board work into manageable boxes.
- Standing versus non standing (or task forces).
- Task forces have an end date.
Consequential Committees: Engaging and Rewarding

- Agenda set by the board and its committee chairs.
- Agenda not set by the senior leadership team.
- Agendas need to address the major goals and responsibilities assigned to it by the full board.
- Agendas focus on major issues and opportunities of fiduciary significance.
- Consequential agendas are designed around questions, discussions, and decisions in the boardroom.
Measuring Board Performance

- Interviews
- Board Self-Assessments
- Outsider Observation
- Reflective Practice
Consequential Governance
Add Value Where it Matters Most

- Board plays a critical role in improving decision-making.
- Boards are at the forefront of change; not being lead by management yet being informed on relevant issues/opportunities.
- Fiduciary governance is seen as a requirement to focus on strategic long-term issues.
- Insists on meaningful contributions to the intersection of member needs and internal resources through higher level thinking and conversations.
Consequential Governance
Adding Value Where it Matters Most

- Ensures the long-term sustainability of the organization.
- Improves shared governance through attention to the board-CEO relationship.
- Increases attention to the qualifications and recruitment of board members, board orientation, and committee composition.
- Board focuses on cross-cutting and strategic issues not addressed elsewhere.
Consequential Governance
Adding Value Where it Matters Most

- Board focuses its time and attention on issues of greatest consequence with reduced time reviewing routine reports.
  - Not inserting attention and energy on operational duties that belong to the CEO (human capital and resource allocation).
Role of the Chair: The Big 9

1. Drives high performance governance.
2. Ensures robust strategic planning.
3. Publishing and executing the annual calendar.
4. Agenda set with Exec Comm and CEO.
5. Thriving committees.
6. Two way CEO communication/compensation/evaluation.
7. Managing a high performance board meeting.
8. Board member development.
9. Ambassador of advocacy & public relations.
1. Status Quo Trajectory
2. Doing vs. Being Great Board Members
3. Choice Points to Strong Governance
What are you?
A Tiger or Teacup?
2018 NAFCU Leadership Study

Who: Chairs, CEOs, and Senior Management

How: www.clarkra.com/BODleadership

Online survey ends May 10, 2018
Thank You!

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