Credit Union Leaders of Tomorrow

Portfolio of Leadership Competencies
This Competency Portfolio was prepared by Korn Ferry Hay Group for use by the credit unions of British Columbia.

This document may be reproduced for the use of, and used only, by employees of these organizations. This document is not to be shared with other organizations, consultants, or vendors without the express written permission of Korn Ferry.

Copyright © 2017. Korn Ferry Hay Group, Inc. ALL RIGHTS RESERVED.
Responding to Leadership Risk

Sometimes change happens slowly and risk evolves over time. However, our credit union system is facing such profound and rapid change ahead that a series of risks are suddenly becoming very real.

Material changes in digital banking, market entrants, tier 2 providers, and in the operating models of many credit unions, present an uncertain future for credit unions and a new set of challenges for their leaders. The old model of leadership – hierarchical, position-driven – is shifting as leadership and decision-making are becoming faster paced, more collaborative, and more complex. The demands of credit union leaders are changing – strategically, operationally, and in how we manage change. Boards and credit union leaders across Canada are recognizing that the credit union system as a whole is facing a growing level of leadership risk.

Generational change is definitely a big factor that’s driving leadership risk, as a significant number of credit union executives are reaching retirement age just as the demands on credit union leaders are increasing. But the demographic impacts on leadership go beyond that. Our workforce and our member base is becoming multi-generational and more diverse. Both employees and members have different expectations of their credit union and its leaders. It will take a different brand of leader who will get us where we need to go than the leadership that got us where we are today.

This leadership competency portfolio is about building leadership capacity in our credit union system to address these challenges in new ways. It’s about describing the characteristics we see in the leaders who will shape the future - those who will innovate, forge ahead, and continue to drive value to our members in our highly competitive world of omni-channel member experience. Knowing what it takes to lead in this new environment is the first step in growing our leadership talent, managing succession, and mitigating leadership risk.

Our process

This is a leadership competency portfolio that was built in partnership with the credit union system. Our goal was to look at leadership through a system-level lens, taking in the perspectives of a variety of credit unions and credit union partners. Korn Ferry Hay Group was engaged through Stabilization Central to consult with nominated leaders across the system – those who were recognized for their exceptional contribution as leaders of tomorrow. Drawing on these perspectives, the trends and forces creating unprecedented change in the system were explored and discussions focused on how credit union leaders can be successful in moving the system forward in such a dynamic environment.

The result

Looking at Chief Executive Officers, Executives and Member Interface Leaders (leaders who lead teams directly serving members), Korn Ferry Hay Group has identified the behaviours that differentiate outstanding credit union leaders of tomorrow. A common language and framework that describes the new reality of leadership has been developed. The result is a practical portfolio of leadership competencies that will enable credit unions to better identify, select, assess, and develop leaders who will be resilient, agile, and ultimately successful in leading through this transition.
Leadership Roles for the Future

The expectations of leaders in credit unions are changing. From Chief Executive Officers to Member Interface Leaders, they are being called upon to be more forward thinking, more nimble, and more engaged.

Understanding how the roles are evolving tells us a lot about what leadership characteristics we’ll need for the future. So our starting point was to define three key leadership roles that are common and critical to every credit union:

1. Chief Executive Officer
2. Executive Leader
3. Member Interface Leader

While the strategic emphasis differs from one credit union to another, and expectations vary by leadership level, we were able to identify six key areas of accountability that apply to all credit union leaders for tomorrow.

- **Strategy Design and Execution**
  Our connection with community and credit union values that set us apart from the banks is no longer a strategy that is sufficiently compelling to win in an increasingly competitive market. Your most respected system leaders are telling us that each credit union needs to have a compelling and distinct future-focused strategy in order to survive the tides of change that are ahead.

- **Stakeholder Relations**
  Many in our system would say that no credit union can go it alone. Even if your credit union has strong internal capacity and resources, solid relationships with regulators, external partners, and most importantly members, are critical to our success.

- **Member Experience**
  It’s no secret that the expectations of our members have changed. Led by demographics, technology, and the marketplace around us, members are more likely to expect seamless service and advice 24/7, through new channels, new products, but in a way that still makes them feel like welcome members of our community.

- **Employee Engagement**
  Change brings uncertainty and can have a negative impact on employee engagement. For most credit unions, our employees are our lifeline to members. It’s important that they stay engaged and committed to making our credit unions great.

- **Talent Strategy**
  We are going to need new capabilities and new ways of thinking at all levels to take our businesses forward. In the past, talent strategy was owned by Human Resources – now it’s owned and executed by our leaders.

- **Operational Effectiveness**
  Pressure on margins and material change in technology means significant operational changes at some stage for all credit unions. Our leaders need to be paving the way to doing this right – so that our credit unions are sustainable and healthy in the long run.

“Accountability for talent management is more heightened today than ever before. In the past, Jack Welch-kind of leaders were successful. Today we need more collaborative, more participative leaders who focus on unleashing the power of their people.”
The table below describes the specific accountabilities in each of these areas for credit union CEOs, Executives, and Member Interface Leaders.

### CHIEF EXECUTIVE OFFICER

<table>
<thead>
<tr>
<th>Strategy Design and Execution</th>
<th>Stakeholder Relations</th>
<th>Member Experience</th>
<th>Employee Engagement</th>
<th>Talent Strategy</th>
<th>Operational Effectiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creating a convincing corporate vision and strategic direction to differentiate the business, balancing financial, social, and member impact goals.</td>
<td>Establishing effective working relationships with the board of directors, regulators, leaders in the credit union system, industry partners, and other key stakeholders.</td>
<td>Defining, building, and being accountable for the organization’s brand.</td>
<td>Building an effective executive team, capable of executing on the defined strategy.</td>
<td>Ensuring strategies are in place to identify, develop, and manage talent to facilitate business continuity.</td>
<td>Ensuring effective organizational structures, systems, policies, internal controls, and practices are in place.</td>
</tr>
<tr>
<td>Aligning the organization’s strategy to leverage the strategic opportunities of the credit union system.</td>
<td>Seeking out strategic new business opportunities, and partnerships that align with the credit union’s vision, mission, values and goals.</td>
<td>Overseeing the design and implementation of effective strategies to ensure high levels of member attraction, service, satisfaction and retention.</td>
<td>Fostering a values-based culture that drives strong employee engagement.</td>
<td>Supporting the growth and development of emerging and executive leaders.</td>
<td>Maintaining an outward focus to surface opportunities to maximize efficiencies and grow revenues.</td>
</tr>
</tbody>
</table>

### EXECUTIVE LEADER

<table>
<thead>
<tr>
<th>Strategy Design and Execution</th>
<th>Stakeholder Relations</th>
<th>Member Experience</th>
<th>Employee Engagement</th>
<th>Talent Strategy</th>
<th>Operational Effectiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participating in corporate strategy development, adding value from own functional perspective while maintaining an enterprise-wide view.</td>
<td>Developing and managing relationships with organizations and groups to promote the credit union’s corporate social responsibility and commitment to community.</td>
<td>Delivering innovative products and services that bring the brand to life and improve the financial well-being of members.</td>
<td>Building and leading a high-performing team of specialists to execute on the business plan for the function.</td>
<td>Supporting employees’ personal and professional development through a demonstrated commitment to coaching and other development activities.</td>
<td>Establishing the necessary corporate infrastructure (including technology) to support the organization’s operating model.</td>
</tr>
<tr>
<td>Defining and executing long-term functional business plans, taking into account complex external factors, emerging requirements, and organizational interdependencies.</td>
<td>Engaging with external partners and networks to identify business opportunities and best practices.</td>
<td>Establishing productive relationships with members to provide exceptional experiences.</td>
<td>Identifying and ensuring strategies are implemented to improve the motivation and commitment of employees.</td>
<td>Motivating and mentoring emerging and mid-level leaders with a view to succession planning.</td>
<td>Driving continuous improvement and operational excellence.</td>
</tr>
</tbody>
</table>
What we learned about small credit unions

In small credit unions, leaders are required to ‘wear multiple hats’ as access to specialized technical expertise is not readily available internally. CEOs often have to add Executive-level accountabilities to their already ‘full plate’, resulting in less of an opportunity to engage with the system. However, maintaining an external focus, participating in system-level initiatives, and seeking out partners in an effort to leverage system-wide resources is vital to the success of small credit unions.

We found that the leadership qualities and characteristics required to navigate system change do not necessarily vary by credit union size. Instead, business strategy puts into sharper focus those accountabilities important for executing on particular strategies which, in turn, highlight specific leadership behaviours that will enable success.
Portfolio of Leadership Competencies

Leading forward

Focusing current and aspiring leaders on the right behaviours will enable credit unions to achieve their strategic priorities, help their members take charge of their financial future, support the communities they serve, and provide their people with the resources and tools needed to develop and grow — strengthening the credit union system.

A Portfolio of Leadership Competencies has been created that consists of 11 competencies organized in three clusters:

- **Shaping our Tomorrow** focuses on understanding and shaping the business, the market, and the industry with a view to the sustainability of the organization and the credit union system.
- **Executing Flawlessly** focuses on mobilizing people to execute strategy, aligning products, services and channels to meet members’ needs.
- **Aligning People to Power the Future** focuses on energizing and motivating individuals around a compelling vision of the future, as well as working collaboratively with stakeholders and partners.

By demonstrating these competencies, leaders will deliver on their accountabilities more effectively. Depending on the strategic challenges facing your credit union, some competencies may be more critical than others, but most leaders will need at least one competency from each cluster.
About the Portfolio of Leadership Competencies

The pages that follow describe the leadership competencies in our portfolio for the three leadership roles. As you learn about the competencies, please remember:

- The Portfolio provides a valuable professional development and talent management tool.
- It clearly spells out the characteristics, behaviours and attributes required for navigating through the disruptive change occurring across the credit union sector.
- Each competency is described in terms of a progressive scale, illustrating how leaders demonstrate increasing capability as they combine experience, knowledge and skills to advance in each area. As you move up the scale, the behaviours increase in complexity, reflecting the increasing scope of the role from Member Interface Leader to Executive to CEO. Each level of the scales is associated with a particular role, however it is assumed that those who are expected to operate at the higher levels are able to demonstrate the behaviours at the levels below.
- It is important to remember that all competencies can be developed with time and effort.
- The behavioural indicators (bullets) associated with each level are illustrations of what you might see when an individual demonstrates the competency at that level.
- Each competency includes a section titled “Red Flags”. These negative indicators represent behaviours that might be seen either in an individual lacking in this competency or when over-relying on a strength.
SHAPING OUR TOMORROW
Building Organizational / System Capability

The ability to anticipate strategic business demands and effectively align people, processes and systems so that the appropriate talent, structure and operating models are in place. It includes striving for excellence and efficiency, as well as being nimble in adapting current ways of operating to meet changing conditions in the business. At the highest levels, there is a focus on building system-wide capability beyond an individual credit union to ensure overall sustainability of the credit union sector.

**CEO**

- Aligns the organization's operating model with organizational and sector strategies by redefining governance, risk, systems, processes or structures to meet long-term organizational goals.
- Ensures strategies are in place to evaluate leadership talent bench and to develop requisite talent to meet future business demand (e.g. succession planning, mentoring, career pathways, leadership summits).
- Contributes to and participates in system-level initiatives that serve to build capability and help ensure sustainability now and into the future (e.g., technological innovations, process optimization, talent development, regulatory).
- Drives a culture that supports the business strategy now and into the future by modelling expected behaviours and ensuring organizational processes are aligned.

**EXECUTIVE**

- Makes conscious decisions to acquire, grow and leverage diverse talent pools across the organization to meet future demands.
- Anticipates future demands/opportunities and adapts business systems, processes, structure, and workforce composition accordingly.
- Has a clear sense of how value is created and how activities should be coordinated and streamlined to deliver that value.
- Recognizes the impacts of disruptive technologies on organizational structure, roles, and workflow, making adjustments accordingly.

**MEMBER INTERFACE LEADER**

- Matches individuals’ capabilities to the right roles in order to capture their full potential for the benefit of the individuals, as well as the organization.
- Implements practices and programs to respond to the team’s talent needs by educating on business trends; broadening people through exposure to different areas of the business; or establishing special talent sourcing and development programs (e.g. fast-track trainee program).
- Encourages nimbleness in how the team operates – adapts priorities, work and team composition to attain objectives.
- Establishes an environment that encourages and rewards continuous improvement and quality of outcomes.

**RED FLAGS**

- Putting systems/processes in place without taking into account changes occurring in the credit union sector
- Failing to recognize and resolve critical gaps in talent pools
- Thinking only about current needs without considering what will be required in the future
- Being more focused on process or compliance rather than on outcomes
Innovation

The ability to take a creative approach to opportunities or issues, think “outside the box” and explore unique ways to create value for members, communities and the organization. It involves stimulating new ways of thinking that imbed a culture of innovation in the organization and the credit union system.

CEO
- Champions new and innovative approaches to maximize revenue and drive innovation across the credit union sector.
- Creates a culture of ingenuity, experimentation, continuous improvement and innovation, infused with a sense of urgency, across the organization.
- Strategically seeks out and identifies revolutionary ideas, processes and technologies that can be used to transform, reshape and guide the future of the organization and the credit union sector.
- Commits personal energy and organizational resources to innovation in the face of uncertain outcomes; quickly adapts and re-directs resources when potential is not realized.

EXECUTIVE
- Is agile and draws upon experiences in relevant and/or unrelated areas or industries, taking informed, calculated risks to create and implement breakthrough solutions for the business.
- Engages key stakeholders in the development and implementation of new ideas, approaches and solutions.
- Acts in ways that helps others to generate breakthrough ideas, fresh perspectives and new opportunities (e.g. instills supportive work practices).
- Uses proactive methods to foster creativity as well as an environment that inspires new ideas, and provides the necessary resources to realize them (e.g. asks provocative questions to expand team’s thinking about possibilities).

MEMBER INTERFACE LEADER
- Focuses the team’s energy on improving critical processes and practices.
- Shares and passionately promotes innovative ideas and approaches that lead to improvements for the business.
- Seeks and uses the input of others, developing and building on their suggestions and ideas to come up with new approaches and improvements.
- Learns from both successes and failures, applying this learning to new situations and incorporating it into the organization.

RED FLAGS
- Rejecting new ideas and approaches before having given them careful consideration
- Punishing or criticizing others when they try something new and fail
- Holding tight to existing systems and processes which prevent improving ways of working to achieve business strategy and goals
- Introducing something new and unique without thinking through the implications and assessing the risk(s)
Strategic Agility

The ability to develop breakthrough strategies that clearly differentiate the business within the communities it serves, while operating in an environment of flux, ambiguity, rapid change, and technological disruption. It involves understanding the organization’s position in the credit union system, financial services market, and local economy, learning from the past, looking broadly and deeply, and seeing ahead to the future to identify the issues and trends that will impact the business and the system.

CEO

- Formulates a “big picture” understanding of how trends (e.g. economic, market, regulatory, demographic) and disruptive technologies will affect the business and members over the longer term, recognizing broad patterns and where more information is needed.
- Seizes opportunities in volatile and unpredictable situations to deal with competitive threats and drive the business forward.
- Positions the interests of the organization externally based on the strategic direction, reaching out to the credit union system and the competitive financial environment (e.g. fintechs) to identify opportunities and establish strategic partnerships.
- Identifies and prudently evaluates risks inherent in business strategies involving new partnerships, new channel segments, new technologies, or entry into new markets and weighs the business benefits of proceeding.

EXECUTIVE

- Contributes to the development of broad strategies and plans that set the future direction of the organization which will grow the wealth of members, strengthen communities, and ensure the sustainability of the system.
- Is comfortable with complexity, scrutinizing issues and making fresh connections to identify possibilities.
- Understands the long-term financial implications of decisions for the organization and its members, including decisions involving short-term trade-offs that will have longer-term benefits.
- Identifies and addresses competing business priorities to ensure actions are aligned with the organization’s strategic goals.

MEMBER INTERFACE LEADER

- Uses understanding of member needs, competitors, organizational priorities, and other sources of information (e.g. networks, industry knowledge) to develop bold plans and strategies to drive the business area/organization forward.
- Translates broad organizational strategic plans into tactical objectives and actionable strategies.
- Monitors business trends and best practices to identify problems or opportunities for increasing revenues, reducing cost or growing “share of wallet”.
- Provides feedback and advice to help the organization accomplish its strategic objectives.

RED FLAGS

- Failing to take an organization/system-wide view and focusing on short-term gains
- Unaware of how strategies and tactics work in the marketplace
- Failing to gather fresh perspectives and to think about multiple possibilities before forming strategies
- Not thinking through the implications of initiatives undertaken by competitors and instead preferring to avoid the risk
# System-Wide Awareness

The ability to understand and leverage knowledge of the credit union and financial system to achieve objectives that ensure the success and sustainability of one’s own organization and the system overall. This involves understanding key external relationships, diverse interest groups, economic and political forces, emerging alliances, competitors, and the regulatory context. It is about recognizing that the credit union is part of an integrated and inter-related financial ecosystem and that how one chooses to engage externally will have implications for future success and sustainability.

## RED FLAGS

- Failing to navigate organizational and system politics to achieve the desired outcome
- Acting as though only internal factors can influence the organization
- Resisting new initiatives from a position of ignorance and not knowledge
- Focusing on your team’s immediate objectives without considering what else is going on across the organization or within the system

## CEO

- Predicts how new events or situations will affect the individuals and groups within the organization/system.
- Recognizes opportunities and underlying problems affecting the organization/system, such as current market trends, regulatory frameworks, economic drivers, demographic changes, community needs, and political forces.
- Addresses the deeper reasons for organization, credit union sector, financial industry, or stakeholder actions.
- Identifies system behaviours that challenge progress and determines how to address them.

## EXECUTIVE

- Recognizes and/or uses ongoing power and political relationships within the organization (alliances, rivalries) with a clear sense of organizational impact.
- Comfortably navigates ambiguous and complex environments (e.g. government/regulatory, credit union system).
- Takes time to become familiar with the priorities and values of stakeholders, both internally and externally.
- Recognizes and/or addresses the reasons for ongoing organizational behaviour in own organization, including the organization’s history, legacy issues, trade union policies, and demographics.

## MEMBER INTERFACE LEADER

- Understands positional power, rules and regulations, policies and procedures, and the formal organizational structure.
- Leverages the informal structures of the organization, including key influencers and decision-makers to get things done.
- Understands the culture of the organization and recognizes what is and is not possible.
- Recognizes informal influential relationships within own organization and how they impact decision-making and resource allocation.
EXECUTING FLAWLESSLY
Being Courageous

The ability to courageously face new challenges and opportunities, leaving behind the familiar to forge ahead even when there is risk involved. It is about working positively through ambiguity, tackling what may seem impossible with integrity, and demonstrating the confidence to stand behind tough decisions.

CEO

- Is fearless in driving the vision forward, abandoning “safe ground” to carve out a new direction that will benefit the credit union.
- Demonstrates the foresight and courage to implement tough business decisions or difficult strategic choices that are in the best interests of the organization, members, their communities, and the system.
- Builds strength in others by articulating and addressing risks, fears, opportunities and possibilities; frames strategic decisions with an understanding of how they may impact others.
- Applies the highest standards of business conduct to all organization-wide decision-making, acting on principles to do the right thing for the organization.

EXECUTIVE

- Promotes ideas with conviction, even when faced with potential risk, resistance or challenge.
- Proactively challenges current practices and champions new ideas, initiatives and ventures.
- Takes calculated risks with explicit consideration of potential benefits or gains, as well as costs, over the short and long term.
- Provides a clear and candid picture for others under challenging circumstances.

MEMBER INTERFACE LEADER

- Embraces change as a natural course of business, shifting priorities and adapting easily in response to changing demands and new circumstances.
- Is comfortable with ambiguity, making business decisions with limited or imperfect information.
- Recognizes when to stand firm on principles or merits of a situation and when to step back and accept the views or arguments of another.
- Proactively and respectfully addresses problems, issues, or conflict with a positive view to reaching new and better solutions.

RED FLAGS

- Waiting to have all the information or for others to forge ahead before taking action
- Abandoning new ideas when faced with resistance
- Avoiding delivering difficult messages or discussing difficult decisions and the reasons behind them
- Condoning behaviour that is not in the best interests of the organization
Driving Execution

The ability to mobilize the organization to execute business strategies within an uncertain, complex and ambiguous business landscape and ensuring accountability for results. It is about resisting the tendency to control and take operational decisions at the highest levels, but instead fostering the empowerment and enablement that is needed for effective and nimble execution.

<table>
<thead>
<tr>
<th>CEO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implements future-focused strategies and initiatives involving stakeholders from multiple groups and organizations by anticipating and addressing potential issues/barriers, sustaining engagement, and focusing activities to position the business and/or the credit union sector for long-term sustainability and growth.</td>
</tr>
<tr>
<td>Maintains an external focus and adjusts strategic objectives and strategies in response to changes in the environment.</td>
</tr>
<tr>
<td>Empowers the organization to take decisions even when information is incomplete and demonstrates a degree of tolerance for incorrect decisions that have been made.</td>
</tr>
<tr>
<td>Holds self and others accountable for achieving results - focusing on speed of execution, impact on performance, and not perfection.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXECUTIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develops and implements efficient plans for complex projects involving multiple groups; optimizes resource allocation through an organization-wide lens.</td>
</tr>
<tr>
<td>Anticipates, prepares for, and effectively deals with problems or roadblocks, modifying the approach in line with changing circumstances.</td>
</tr>
<tr>
<td>Demonstrates a keen understanding of the relationships among various components of large-scale projects that cut across groups, organizing them to ensure that limited resources are used most effectively.</td>
</tr>
<tr>
<td>Empowers leaders with meaningful decision-making and ownership and holds them accountable for achieving results.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MEMBER INTERFACE LEADER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develops and/or works with the team to translate organizational priorities into actionable plans, leveraging the right resources to deliver results.</td>
</tr>
<tr>
<td>Tracks progress against desired outcomes and adapts to address risks and ensure success.</td>
</tr>
<tr>
<td>Comes up with alternative approaches/work practices in response to new developments or feedback.</td>
</tr>
<tr>
<td>Organizes work and assignment of tasks to maximize efficiency, and communicates expectations, roles and responsibilities and key milestones.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RED FLAGS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controlling and getting mired in details that others could be empowered to address</td>
</tr>
<tr>
<td>Constantly putting out fires due to lack of contingency planning</td>
</tr>
<tr>
<td>Failing to communicate plans and how the work links to the overall strategy</td>
</tr>
<tr>
<td>Chasing short-term wins over long-term gains</td>
</tr>
</tbody>
</table>
Focusing on Members

The ability to form a deep understanding of members’ needs and to deliver member-centric solutions across multiple channels that exceed their expectations. It involves recognizing that the obligation to members extends beyond the individual, to positively impacting the community, economy and the broader environment where members live and work.

CEO
- Defines a member experience vision and how it strategically fits with the goals of the organization, community, and the sector.
- Engages actively in the community and local economy to identify emerging member and community-based needs and builds strategies for collective financial well-being.
- Educates members and key stakeholders about the future of the credit union sector, its direction, trends, opportunities and constraints.
- Develops strong productive relationships with members and community stakeholders to broaden economic impact and influence beyond the reach of the credit union itself.

EXECUTIVE
- Serves as a strategic partner to build, grow, and maintain profitable and enduring relationships with key members.
- Creates systems and processes that make it easy for members to do business with the credit union.
- Translates the credit union’s member experience strategy into tangible business plans.
- Identifies opportunities across the business to deliver better quality and value to the member, getting personally involved in the member experience and adapting it as their needs evolve.

MEMBER INTERFACE LEADER
- Anticipates member needs and provides services and offerings that go beyond their expectations.
- Observes, communicates and coaches employees to ensure the member experience strategy is being effectively implemented.
- Builds the team’s understanding of member needs and ensures there is a focus on providing seamless member experiences across multiple channels and lines of business.
- Builds long lasting relationships with members, acting as a trusted advisor.

RED FLAGS
- Feeling burdened by “yet another member issue”
- Failing to adapt and be responsive to changing member needs
- Setting the member strategy without considering what is occurring in the broader market
- Placing other priorities ahead of the need to support and drive the member vision
DEVELOPING A COMPETENCY PORTFOLIO FOR TOMORROW’S CREDIT UNION LEADERS

ALIGNING PEOPLE TO POWER THE FUTURE

© Copyright 2017, Korn Ferry
Collaboration

The ability to work within and across groups and/or organizations to solve complex issues and create the best solutions that will benefit members and their communities. It involves sharing information, leveraging others’ ideas and suggestions, coordinating and bringing resources together, and finding common ground to get the best outcomes.

CEO
- Aligns multiple perspectives across the organization and credit union sector to best meet the needs of internal and external stakeholders and create synergies.
- Recognizes when collaboration at the business or system level can achieve better outcomes and identifies areas for compromise.
- Brings people together at the system level – is a “connector”.
- Leverages collaborative relationships to advocate for the credit union sector (i.e., regulators, technology suppliers) in order to achieve the sector’s desired goals and objectives.

EXECUTIVE
- Invests time, energy and effort to build collaborative relationships in the credit union, the system and the business community.
- Brings groups together to make key decisions and build integrated solutions that benefit the organization and empower members.
- Puts systems and structures in place that foster alignment and collaboration across groups.
- Encourages and holds people accountable for the broad sharing of ideas and approaches across the organization and credit union sector.

MEMBER INTERFACE LEADER
- Broadens peoples’ understanding of how work flows outside their area and the impacts of decisions they make.
- Proactively develops a strong internal network, building relationships across the organization to effectively implement initiatives and achieve results.
- Builds external relationships to establish a strong referral network, cultivate visibility and increase business development.
- Collaborates with other business lines to develop clarity around issues and events that impact the business.

RED FLAGS
- Working to achieve outcomes and develop solutions without seeking the input and expertise of others outside of own area
- Letting ego get in the way of effective collaboration
- Neglecting to engage with or maintain an awareness of system-level initiatives and opportunities
- Failing to align plans, resources and strategic relationships for the wider benefit of the organization and sector
Influencing with Impact

The ability to persuade, convince, influence or gain the commitment of others to support an idea, adopt a specific direction, or commit to an initiative in support of the business or the credit union system. It is about understanding others and using that understanding to have a specific impact.

CEO
- Identifies the possible and devises an intricate, long-term influencing strategy to impact the direction of the system.
- Frames business opportunities with an understanding of complex stakeholder issues and concerns, competing priorities, and organizational dynamics.
- Continually assesses the effectiveness of the strategy in achieving the end game, re-visiting elements to remove roadblocks, better engage those who are indifferent, and address sources of resistance.
- Actively engages others to influence key decision-makers or stakeholders to build commitment.

EXECUTIVE
- Develops influence strategies based on a clear understanding of key stakeholders' issues, objectives and concerns.
- Builds 'behind the scenes' support to gain momentum for ideas and initiatives.
- Generates a sense of ownership for initiatives among others, including stakeholders and employees.
- Is able to influence stakeholders to expand and maintain their commitment.

MEMBER INTERFACE LEADER
- Anticipates where support or influence will be required and takes steps to involve key individuals.
- Tailors messages to appeal to others based on an understanding of their interests, concerns or needs.
- Uses appropriate methods/approaches to influence based on the situation (e.g. adapts communication style to meet the needs of members or employees).
- Anticipates potential challenges from others and thinks through how to address them.

RED FLAGS
- Continuing to make the same argument even when it is not working
- Using technical jargon when influencing a non-technical audience
- Using influence for personal benefit
- Failing to listen to others' ideas
Leadership Presence

The ability to recognize and moderate one’s effect on others and the organization, building trust by choosing to act with integrity and authenticity. It involves self-awareness and taking charge of one’s own emotions, as well as reading others’ needs and forming honest, trusted relationships.

CEO

- Acts on principles and organization/credit union values even when there may be a personal cost in doing so – does the right thing for employees, members, communities, the organization, and the system.
- Creates an open culture where people are free to ask difficult questions, share concerns, provide feedback and admit mistakes.
- Knows one’s own strengths and limitations, and seeks support and learning to provide leadership that makes a difference.
- Invests in relationships by putting the interests of others ahead of own personal agenda.

EXECUTIVE

- Promotes and lives the credit union’s values, making decisions with the values in mind, and supporting others (e.g., staff, peers, system-level colleagues) who are acting consistently with these values.
- Sustains a culture of trust and open, direct communication by encouraging transparent dialogue within own organization and across the system (e.g., encourages feedback about the business even when it’s difficult to hear).
- Role models resilience and the ability to bounce back from difficult situations, consistently managing stress both in the moment and over time.
- Guides others through turbulent times helping them manage their resilience and stay focused on what needs to be done.

MEMBER INTERFACE LEADER

- Demonstrates emotional self-awareness – knows what triggers emotions, understands the impact of one’s emotions on both self and others, and identifies strategies to manage them.
- Pays attention to interpersonal cues, actively reads others beyond what they are saying, and adapts one’s communication approach.
- Takes a genuine interest in others, taking the time to get to know people – their background, interests, needs, concerns.
- Is publicly candid with the team and others, openly admitting to mistakes.

RED FLAGS

- Failing to share information
- Not owning messages (e.g. reiterates corporate messages with little enthusiasm, uses the word ‘they’ not ‘I’)
- Relying on a ‘command and control’ approach when leading others (i.e. relies on one’s positional power)
- Talking about what needs to be done, but not why
Visionary Leadership

The ability to inspire a sense of direction and shared purpose for employees, while energizing and motivating them to advance the vision. It involves providing clarity and acceleration through a compelling vision of the future that engages individuals in the need for change.

CEO
- Articulates a clear and consistent vision of future success that is convincing and engaging.
- Demonstrates passion and enthusiasm for change and for the direction in which the organization and the system are headed.
- Mobilizes people around the vision and instills credit union values by taking advantage of every opportunity to create connections, build understanding and inspire a shared purpose.
- Reinforces the vision through strong symbolic actions and by helping others to visualize the future - the impact of change on the credit union, on members, on employees and the way we work.

EXECUTIVE
- Articulates the ‘why’ behind the strategy or transformation to align people to the vision.
- Creates an environment that recognizes individuals and teams for contributing to the achievement of organizational goals.
- Identifies needs/concerns and facilitates open, direct and regular communication across the business to prepare and support people through change.
- Ensures the right systems and processes are in place and aligned to facilitate change.

MEMBER INTERFACE LEADER
- Translates the vision for others and builds excitement for the future, explaining corporate decisions/direction, and how changes will impact the team and their work.
- Supports the team through change by coaching team members to stay focused and positive in the face of change and challenges.
- Repeatedly delivers the change message to everyone affected in a way that helps them understand the need for change and what it means for each of them.
- Shows a genuine interest in employees - is responsive to their ideas, suggestions and concerns.

RED FLAGS
- Failing to share information
- Relying on a ‘command and control’ approach when leading others (i.e. relies on one’s positional power)
- Not owning messages (e.g. reiterates corporate messages with little enthusiasm, uses the word ‘they’ not ‘I’)
- Talking about what needs to be done, but not why
What Competencies are Most Critical for Your Leaders?

The leadership competencies are what enable credit union leaders to execute their accountabilities exceptionally. Specific competencies are more closely related to some accountabilities than to others. And depending on where your credit union is in your journey, some accountabilities are more critical to your strategic direction than others. The table below is designed to help you identify which of the competencies in the portfolio are most relevant for your leaders.

To identify the right leadership competencies for your credit union, consider the following steps:

1. Think about your unique strategic direction. What business challenges will your leaders face in getting your credit union to where you need it to go?
2. Identify which areas of accountability are most critical for the execution of your strategy.
3. Consider which leadership competencies are most critical for your leaders in the context of what’s expected of them in your world.
4. Select, assess, coach and develop your leaders against these competencies.

<table>
<thead>
<tr>
<th>Strategy Design and Execution</th>
<th>Stakeholder Relations</th>
<th>Member Experience</th>
<th>Employee Engagement</th>
<th>Talent Strategy</th>
<th>Operational Effectiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shaping Our Tomorrow</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building Organizational / System Capability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Innovation</td>
<td>●</td>
<td></td>
<td>●</td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>Strategic Agility</td>
<td>●</td>
<td>●</td>
<td></td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>System-Wide Awareness</td>
<td>●</td>
<td>●</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executing Flawlessly</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Being COURAGEOUS</td>
<td>●</td>
<td>●</td>
<td></td>
<td>●</td>
<td></td>
</tr>
<tr>
<td>Driving Execution</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>Focusing on Members</td>
<td>●</td>
<td></td>
<td></td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>Aligning People to Power the Future</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Collaboration</td>
<td>●</td>
<td></td>
<td></td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>Influencing with Impact</td>
<td>●</td>
<td></td>
<td></td>
<td></td>
<td>●</td>
</tr>
<tr>
<td>Leadership Presence</td>
<td></td>
<td>●</td>
<td></td>
<td>●</td>
<td>●</td>
</tr>
<tr>
<td>Visionary Leadership</td>
<td>●</td>
<td></td>
<td></td>
<td></td>
<td>●</td>
</tr>
</tbody>
</table>
Selecting your leadership competencies: Case examples

While we share much in common, we know that each credit union faces its own road ahead. The following scenarios show how a credit union might consider the strategic issues ahead in prioritizing the selection of leadership competencies from the portfolio. Here we highlight four competencies in each scenario that would be especially critical in that context. It doesn’t mean the other competencies aren’t important – it’s just that some may be assumed as ‘baseline’ competencies or may be less critical to meeting the specific demands of the credit union at a given point in time. Over time, the prioritization of competencies should be revisited as organizational strategies change and as leaders build capacity in certain areas. We can see leaders focusing on up to eight behavioural competencies to drive performance, with development targeted where there are gaps.

1 Partnering for the Future

There are many credit unions who have a very solid footing – strong, trusted relationships with members in their community, good people who are prepared to change with the challenges ahead so that they can continue to over-deliver on members’ evolving needs. The challenge for many of these credit unions is simply the securing the resources they need to access innovation, economies of scale, and emerging technology.

These credit unions need to find partners they can trust and collaborate with to get to where they want to go. The most critical leadership competencies in the portfolio are likely to be:

- Strategic Agility
- System Wide Awareness
- Influencing with Impact
- Being Courageous

2 New Executive Team

The volume of CEO and Executive retirements leave many credit unions with a number of new leaders on the executive team. Some of these leaders may have risen through the ranks internally, while others may have been recruited from other credit unions, banks, or outside the financial sector entirely.

This is a period of re-build and re-focus, where internal relationships are as important as the external ones. The most critical leadership competencies in the portfolio are likely to be:

- Building Organizational / System Capability
- Visionary Leadership
- Leadership Presence
- Focusing on Members
3 Restructuring for Change

New technology and processes mean change in the way that we work. Your credit union may be at the stage where you have a clear strategy and the necessary resources to start making material changes to member experience and the way your people work with members. Especially for Executives and Member Interface Leaders, the key challenge is about figuring out how to get this done in a way that engages employees and members in your way forward.

The most critical leadership competencies in the portfolio are likely to be:

- Innovation
- Collaboration
- Focusing on Members
- Driving Execution

4 Leading Diverse Teams

Our communities and credit unions are becoming more diverse – and challenging our leaders to look at the needs of members and employees from a variety of different perspectives. You may be in the process of building a more diverse workforce and figuring out how to engage differently with current and prospective members.

This means a change in the way that member-facing leaders engage with employees and members to deepen trust and enrich the service you provide to members. The most critical leadership competencies in the portfolio are likely to be:

- Building Organizational / System Capability
- Leadership Presence
- Collaboration
- Focusing on Members
About Korn Ferry

Korn Ferry is the preeminent global people and organizational advisory firm. We help leaders, organizations, and societies succeed by releasing the full power and potential of people. Our nearly 7,000 colleagues deliver services through our Executive Search, Hay Group and Futurestep divisions. Visit kornferry.com for more information.