

Video Transcript Accountability and Trust at the Board Level

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By Jennie Boden

Jennie Boden 00:13

One of the key issues that we're finding today are challenges in the credit union community, specifically at the board level, in the areas of accountability and trust.

Jennie Boden 00:27

And these two issues are so closely aligned and tied. In fact, they drive each other. When we talk about trust, the notion of trust, one really easy definition for you to remember, is "Trust is the residue of promises kept." Trust also drives accountability and accountability drives trust.

Jennie Boden 00:51

We're really used to holding the CEO accountable, right? The CEO is the board's one employee. And everybody really has likely, hopefully, a good process to evaluate your CEO on an annual basis. You talk to your CEO regularly, hopefully, in fairly regular or at least semi-regular executive sessions. Your CEO is presenting to you regularly dates towards the strategic plan, the operational plan, so that, you know, from an accountability point of view how the credit union is doing.

Jennie Boden 01:33

But do you really know? And do you often hold each other accountable as volunteers? That's a little trickier. And we're not used to doing that because your colleagues after all, and many of you have worked together for years, sometimes decades. It's not as comfortable is it? But it's really important.

Jennie Boden 01:52

I had a client where they had a board member sleeping through board meetings. How do you hold that board member accountable? Certainly, it's part of the chair's responsibility. But if that board member is sleeping through board meetings, what do you think the trust level is for that board member among his colleagues or her colleagues? Pretty low.

Jennie Boden 02:17

And if you don't have trust in the board room, where do you begin to build it? You have to make sure that you are keeping your promises and that you are holding each other accountable.

Jennie Boden 02:30

Our 2022 State of Credit Union Governance report will be coming out soon. One of the key findings is those credit unions with assets less than a billion dollars actually fare better in the area of trust than those with assets greater than a billion dollars. I wonder why? I wonder how you, at your credit union, in the boardroom and in partnership, constructive partnership, with your CEO, your management team, your supervisory or your audit committee can build greater trust and greater accountability.

Jennie Boden 03:08

One step is, like I said, beginning to hold each other accountable. If you've got a board member who is not showing up to board meetings on time, clearly not prepared, asking questions that were answered on page 32 of your board meeting packet, someone needs to have a conversation with those board members and that someone is likely the chair.

Jennie Boden 03:30

The other thing that's happening these days is folks are beginning to use peer-to-peer evaluations as part of their nominations process, using those tools for incumbents who are running for reelection.

Jennie Boden 03:45

You can also begin by ensuring that you as a board member are fulfilling all of your responsibilities, or fulfilling all of the promises that you've made to your colleagues on the board, to your colleagues in the committee room, in the boardroom, to the CEO to the management team, ensuring that you are holding yourself personally accountable. Because what we've seen over time is that when you're not accountable as a board member, it does begin to chip at trust.

Jennie Boden 04:17

And trust, as I said, is one of the most fundamental elements of an effective board, certainly for large credit unions. And as you get larger and larger and larger, you take on more and more responsibilities. And so certainly for large credit unions, having trust in the boardroom is an imperative.

Jennie Boden 04:40

We've got clients that are knocking down the door of \$10 billion. And when you hit the \$10 billion mark, as many of you know, the regulation requirements, the management requirements for your CEO and your management team all increase exponentially and if you don't have trust in your boardroom, you're going to be struggling mightily to live up to any expectations that your members have that your regulators have, that you indeed have for yourselves.

Jennie Boden 05:13

So begin by holding yourselves accountable. Begin by holding you as an individual yourself accountable and begin by fulfilling those promises that you've made. Because again, trust is the residue of promises kept.