

Video Transcript Rodney Hood Succession Planning

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By Rodney E. Hood

Rodney E. Hood 00:09

Succession planning is something that I think about each and every day. As the former chairman of the NCUA board and now a current board member, I recognize that more than 40% of my workforce is eligible to retire next Monday morning. I also recognize that more than 50%, a lot of our credit union leaders and executives throughout the industry, they are also eligible to retire. Without proper succession planning, I believe that our industry could very well be caught flat-footed, which is why I'm pleased to speak to you today about the importance of succession planning.

Rodney E. Hood 00:48

We often hear the term succession planning, but we never really think about what does it actually mean. To me, succession planning means taking, taking the time, taking the attention to develop a review process to really look at opportunities to fill key positions that exist within your institution. And also looking at some of those key positions that may also exist within your board. It's important that we look at skill sets, are we looking at what's not going to be the requirement of today, but what's going to be the requirement of tomorrow, when it comes to looking at filling a lot of these vacancies. So succession planning is something that we also think that it's only for the large entities to consider, I actually think that no matter what your size is, that's whether you're a four-person credit union that's operating in the basement, perhaps of a church, or a multibillion dollar credit union that has a number of C-suite executives, all of you need to look at succession planning, of course, your approach is going to be different. But at the end of the day, you're going to have a plan in place for handling any of those opportunities that may present themselves for change.

Rodney E. Hood 02:00

One of the things I'd like to share with you as you're building out your succession plan is that it is not meant to be a fill-in-the-box exercise but to do it appropriately. And to do it strategically means that you're looking at your key positions, and you're looking at who was there to step into those key positions today? And if they're not ready for that role today, what are you doing to prepare them? Are you provided them with a career coaching plan? Are you providing them with, perhaps, continuing education, and are you also making sure that you're communicating with them, that you want them to be a part of your credit union's future. That means that you're going to be able to boost their morale. And also, it's a great way of keeping them tethered to your institution. One of the things that I would be remiss if I didn't mention this today about succession planning, and that is, it is meant to be a process towards preparing for the future, not a process for pre-selecting.

Rodney E. Hood 02:59

So we've talked about what succession planning is, and how critically important it is. Let me go about now maybe talking about some key things that it's important to consider. One of the things as you're building out your succession plan is that you look at opportunities to adapt the demographic changes that are existing within our society. I mentioned a lot of that demographic shift, when I talk about the 40% of our employees at NCUA are eligible to retire, or the more than 50% of our credit union leaders are eligible to retire within the industry. That to me is a demographic shift that we need to be aware of, but also making sure that with the talent that we have within our organizations today, that we are, again, we're building out their skills, we're giving them career development plans, and that we're letting them know that, hey, we want to make that investment in you for the future.

Rodney E. Hood 03:53

Another area that we need to consider when we think about demographic changes, and that is talent scarcity. So that means that we're gonna have to be really strategic and very laser-like in how we go about attracting and advertising for a lot of the positions that we have. But equally important is taking that workforce that we have today and again, continuing to invest in them.

Rodney E. Hood 04:17

Another area that's critically important as we look at our succession planning, and that is I didn't find the skill gaps. When I started in the financial services industry now, some three decades ago, they wanted to know how did I go about typing? And was I good with using a calculator? But let's just say that the skill set of today and certainly tomorrow has morphed away from my taking a typing proficiency exam to really knowing if I can be a good banking analyst and looking at commercial real estate loans and things of that nature. So that means that we need to look at skills of tomorrow, such as are the folks that we're looking at now for developing skills, are they really well versed in fintech? Are they able to work with them, new millennials and other young people who are coming into the system.

Rodney E. Hood 05:04

Another area that is so, so important, and that is making sure that we are harnessing the institutional knowledge. When I talk about that 40% of folks that can retire here are the 50% of the folks who can retire within the credit union community, what are we doing around sitting with them? Are we shadowing these individuals? Are we taking notes? Are we building that repository of knowledge that can sort of be there.

Rodney E. Hood 05:31

Another area that I'd like to talk about, again, as we are looking at succession planning, and that is, are you looking at untapped industries as you're bringing in new talent? And that means looking expansively under the premise of diversity, equity and inclusion. I know that in society today, we often think of diversity, equity, inclusion, as looking at minorities. And yes, that is a component while we also looking at individuals from low- to moderate-income communities. And we also looking at folks who are differently abled or disabled. Are we looking at folks who may be hearing impaired, or visually impaired, or neurodiversity? Those are some of the other areas I think that they have great, unlimited talent opportunities for us if we were to broaden our searches when it comes to looking again, at diversity,

equity and inclusion. But expanding the DEI premise from what we tend to think of when we read about it, or when we implement some of the plans that we see today.

Rodney E. Hood 06:30

There is a nine-box process where you can look at your skills that you have now of your teams. And you can also map that against some aspirational goals that you have for them. And it really gives you, through nine particular boxes, a wonderful grid for mapping out the future of your organization. So the grid is just one approach that you can use as you're building out your plan.

Rodney E. Hood 06:56

No time is too early to begin the succession planning process. Thank you CUES for giving me an opportunity to talk about this very important topic today.