

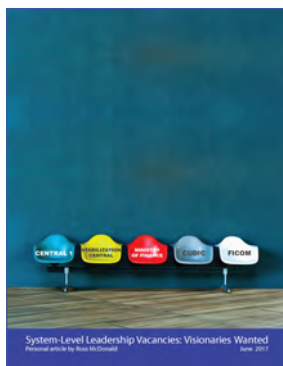


# System-Level Leadership Vacancies: Visionaries Wanted

Personal article by Ross McDonald

June 2017

## RECENT PUBLICATIONS



JUNE 2017

### **System-Level Leadership Vacancies - Empty Seats - Visionaries Wanted - Glass Slippers**

Current status. Short, medium & long-term implications. Governance actions & best practice

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Linkedin: [bit.ly/bc-leadership-li1](http://bit.ly/bc-leadership-li1) | [bit.ly/bc-leadership-li2](http://bit.ly/bc-leadership-li2) | [bit.ly/bc-leadership-li3](http://bit.ly/bc-leadership-li3)

MAY 2017

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Federal Credit Unions may elect bold, unfamiliar strategies

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Linkedin: None

DECEMBER 2016

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Federal Coast Capital Savings impact on provincial systems

PDF: <http://bit.ly/coast-fcu-canada-pdf>

Linkedin: <http://bit.ly/coast-fcu-canada-li>



DECEMBER 2016

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Staged credit unions and Enterprise Risk Management

PDF: <http://bit.ly/interventions-erm-pdf>

Linkedin: <http://bit.ly/interventions-erm-li>

OCTOBER 2016

### **Coast Capital Savings FCU? - One Member, One Vote**

Federal Coast Capital Savings impact on the B.C. system

PDF: <http://bit.ly/coast-fcu-bc-pdf>

Linkedin: <http://bit.ly/coast-fcu-bc-li>



SEPTEMBER 2016

### **Governance Guideline Compliance - Yellow Card**

Governance disclosures by B.C. credit unions

PDF: On request

Linkedin (extract): <http://bit.ly/gov-comply-li>

## EXECUTIVE SUMMARY

There is currently a void of permanent leaders at system-level organizations that impact B.C. credit unions. All leaders of credit union centrals and relevant provincial government entities are currently appointed on an interim, acting or retiring basis. Unquestionably improbable but such are circumstances. Individually each leader has system influence but collectively they wield transformative impact. This article explores system implications in the short, medium and long term. The future is alas tricky to predict, especially given a context of new permanent leadership. Presented implications will inevitably be wrong but they strive to illustrate the nature of potential change and the magnitude of positive opportunity. But first, the entities.

## CENTRAL 1 CREDIT UNION

Central 1 Credit Union provides a suite of wholesale products and services to credit unions nationally. It is also the primary liquidity manager, payments provider and trade association for its credit unions in B.C. and Ontario.

Central 1 Credit Union announced on 19 May 2017 that its CEO, Don Wright, 'has decided to step down, effective July 31'. The related press release noted that 'To ensure a successful transition, Wright plans to stay on at Central 1 until a new CEO is chosen' and that 'The process of selecting a new CEO will begin immediately'.

## STABILIZATION CENTRAL CREDIT UNION

Stabilization Central Credit Union provides remedial advisory as a 'stabilization authority' to credit unions, including those under regulatory intervention; manages the Master Bond Program; and aids in the timely identification of system risks.

Its board appointed an Interim CEO, Jennifer Scott, following the January 2017 departure of Chad Boyko. Its board initiated a public search for a permanent CEO in February 2017. As at publication date then no appointment had been announced.

## FINANCIAL INSTITUTIONS COMMISSION ('FICOM')

FICOM is a branch of the B.C. Ministry of Finance that provides regulation, prudential supervision and market conduct oversight to provincial credit unions, provincial credit union centrals and selected other financial services industries.

Current FICOM leadership is wholly comprised of non-permanent appointments. Carolyn Rogers resigned as Superintendent of Financial Institutions in May 2016. Frank Chong, Tara Richards, Michael Peters and Chris Cater hold roles of Acting Superintendent of Financial Institutions, Acting CEO, Acting Superintendent of Pensions, and Acting Superintendent of Real Estate and Acting Registrar of Mortgage Brokers respectively.

The B.C. Ministry of Finance publicly marketed the positions of Superintendent of Financial Institutions and CUDIC CEO in July 2016 and again in December 2016. The B.C. Ministry of Finance also publicly marketed, in March 2016, the positions of Deputy Superintendent Regulation, Deputy Superintendent Prudential Supervision and Deputy Superintendent Market Conduct. As at publication date, and to knowledge of the author, then neither FICOM's Commission nor CUDIC's board - governance bodies with the same membership - has announced permanent appointments.

## CREDIT UNION DEPOSIT INSURANCE CORPORATION ('CUDIC')

CUDIC is a statutory corporation, administered by FICOM, that provides deposit insurance coverage for provincial credit unions; determines annual assessments; manages the ex-ante fund, and substantially funds FICOM operations. Its board appointed an Interim CEO, Frank Chong, following the 2016 departure of Carolyn Rogers. The Superintendent of Financial Institutions of FICOM also holds the role of CEO of CUDIC. CUDIC has an Acting Executive Director.

## B.C. MINISTRY OF FINANCE (PROVINCIAL GOVERNMENT)

British Columbia held provincial elections on 9 May 2017. No political party secured a majority of seats. Political party discussions and government legislative processes appear to be evolving. As at publication date, any impact on the leadership, priorities or specific policies of the B.C. Ministry of Finance remains unclear.

## IMPLICATIONS OF NEW SYSTEM LEADERSHIP

The credit union industry is a busy place. Numerous circumstances and developments have created current need or future opportunity for material change. Some initiatives are reactive to externalities, such as demographic changes in member expectations or emergence of financial technology. Some initiatives are proactive to bolster the long-term market competitiveness and positive impact of the credit union industry. While a few changes may impact a single credit union then most material developments are at system level. Even matters initiated in regards a single provincial system, such as regulatory legislation or standards, may likely influence peer policies and practices nationally over time.

The implications of current B.C. system-level leadership vacancies could be considered in multiple ways. For simplicity, this article uses a time-based approach:

- **Short term** - Likely operational execution
- **Medium term** - Perhaps priorities reset
- **Long term** - Possible substantive pivot

### SHORT TERM IMPLICATIONS - LIKELY OPERATIONAL EXECUTION

Faced with high complexity and material uncertainties then existing decision makers are prone to pause.

The greater the number of risks, probability of occurrence and/or severity of impact then the stronger is the incentive to defer decisions. Examples of this include major political uncertainties (e.g. Brexit or CETA); corporate opportunities (e.g. M&A transactions); forthcoming legal or regulatory decisions (perhaps federal credit union); unclear visibility on economic conditions (e.g. base rates); and changes in leadership.

In the short term, system stakeholders may focus on the execution of day-to-day operations. Members and communities must still be served. Centralized infrastructure must still operate. Government processes continue. For middle managers, staff and membership then it may feel like business-as-usual. At least for a while. But without clear leadership then system-level initiatives, legislative reviews and regulatory decisions may be progressed with a reduced level of ambition or urgency, if at all.

An example may be deposit insurance. In March 2016, CUDIC circulated a consultation paper in regards its methodology that determines assessments. In January 2017, the Acting Executive Director CUDIC reporting to Interim CEO CUDIC issued a public letter that stated 'FICOM and CUDIC staff determined that further work was necessary' with expectations of a release of a 'new methodology for comment to the system by Fall 2017'. 2016 CUDIC assessments of C\$47 million represented 18% of system net income. The deferral may impact any credit union subject to active or recent regulatory intervention.

*'choosing the next CEO is the single most important decision a board of directors will make.'* Harvard Business School 'The Art and Science of Finding the Right CEO'

Governance bodies, selection committees and any executive search advisors will presumably be busy. In some cases then a board may consciously seek to appoint an Interim or Acting CEO, say to bridge a limited time gap between a departing and recruited permanent CEO, or to engage specialist leadership expertise for a specific issue. For example, the board of Lake View Credit Union (C\$330 million assets and 10,500 members) recently appointed an Interim CEO shortly after it announced the exploration of a potential merger with Integris Credit Union (C\$700 million assets and 25,000 members). But any failure to appoint a permanent qualified leader on a timely basis may merit questions to - and of - governance body in regards succession planning, recruitment deficiencies and remedial board intentions.

*‘To advance impactful, perhaps disruptive, change then permanent leaders must be bold, persistent and persuasive. There will inevitably be doubters, detractors, and stallerers. Were the changes easy, they may already have been implemented. Visionaries wanted.’*



## MEDIUM TERM - PERHAPS PRIORITIES RESET

Newly appointed leaders may bring curiosity and energy.

New leaders may ask questions, perhaps not posed for a while. They may contribute incremental technical expertise, professional experience or stakeholder relationships. They may bring creativity to frame fresh solutions to address historical challenges. They may benchmark the status quo versus industry best practices or consider learnings from other provincial credit union systems. They may consider alternative strategies to execute current organization roles and responsibilities. But it will likely take a while for any incoming leaders to complete any on-boarding and to reach full productive capacity.

*‘Recruitment may drain scarce leadership capacity, intensify succession planning or accelerate merger discussions.’*

In the medium term, current initiatives may be re-prioritized. Legacy pet projects may lapse. New focus areas may emerge. Investments and/or partnerships in products, services or operational capabilities may be tweaked. Shifts in system, legislative and regulatory priorities may create opportunities or threats.

Examples are numerous and inherently uncertain. Any securement of a federal charter by one or more provincial credit unions will catalyze decisions by system stakeholders. Any untimely or unappealing response may bolster demand for federal charters. Credit union centrals may accelerate the transfer of trade association activities to the recently formed CCUA. A new Central 1 CEO could reframe proposed steps towards consolidation of second-tier organizations or national payments execution strategy. System stakeholders may need to respond to a stress event, say in regards a deflated housing market.

*‘The status quo is not an option. It is a slow and painful road to death’. Central 1, ‘If not now, when?’*

Regulatory matters may also be impacted. Permanent leaders may re-prioritize operations, initiate alternative strategies or execute policy redirection from a new Ministry of Finance. Operational expectations, stakeholder accountability, governance practices or reporting standards may be reassessed. To optimally fulfill responsibilities, some execution of regulatory functions may shift between FICOM, CUDIC, credit union central(s) and/or other resources. Regulatory priorities, supervisory practices, or operations models from other provincial jurisdictions may be selectively adopted in B.C. Any surge in federal charters would reduce the reach of provincial regulators and may reduce, or perhaps temporarily eliminate, deposit insurance assessments.

## CENTRALS MILESTONES

*“CCUA has been established as the national trade association”*

*“The National Payments Strategy is nearing completion of work towards ... consolidation of the payments function”*

*“not all centrals are ready to merge into one national organization at this time. However, there may be some centrals that are ready to explore it right now.”*

*“Efforts to bring about an economic scale, integrated wealth management platform would continue.”*

Source: Central 1

## REGULATOR EFFICACY

*“With their shortage of staff, it would take over 14 years to review all of BC’s credit unions instead of FICOM’s intended target of two to three.”*

*“FICOM may not [in 2016] be able to detect a worsening situation at a credit union in time to address and reduce the risk of failure.”*

*“Given that FICOM is funded entirely by credit unions ... and in recent years it has not spent all of the revenue it receives, it should be able to hire additional staff without an increase in its funding.”*

Source: Auditor General of BC

## STABILIZATION ROLE

*“lack of clarity [of its role] makes it difficult for Stabilization Central to resource itself for a long-term vision.”*

*“... difficult for Stabilization Central to gain access to all information that is necessary to effectively identify and manage risk in the system.”*

Source: Stabilization Central

System-level leadership appointments may impact other executive positions. A new leader may seek to change their executive team. Recruitment may drain scarce leadership capacity, intensify succession planning or accelerate merger discussions. Credit unions already face an 'Executive Exodus' (Enterprise magazine, May/June 2016) given baby boomer retirement. A 2015 Central 1 survey found that 36% of Canadian credit union CEOs expect to retire by December 2019, with half of those by December 2017. A 2013 report by The Auditor General of BC noted that 'Vacant positions in the [FICOM] Financial Institutions Division are concentrated in senior level roles and specialized positions'.

## LONG TERM - POSSIBLE SUBSTANTIVE PIVOT

In time, future system leaders may wield vision and courage.

Established permanent leaders may brandish bold imagination to envision a stronger future for provincial and federal credit union systems and their members. They may possess the persuasive prowess and determination to lead execution of transformative change through member-driven collaborative processes or politic-quagmired legislature.

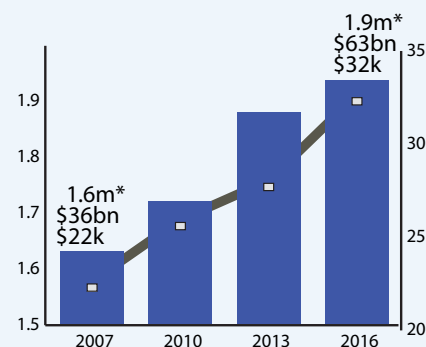
In the long term, the Canadian credit union landscape may change materially. Some evolutionary changes, while likely challenging, seem reasonably foreseeable. Historically local, provincial credit unions may be displaced by hybrid of federal and provincial credit unions with differing legal basis; economic scale; membership geography; internal capabilities and regulatory requirements. Mandated credit union membership to provincial credit union centrals may be substituted for voluntary membership of consolidated central service provider(s), perhaps per the recent Central 1 'Consolidate and Integrate' proposal. Traditional branch-based service channels may be diminished in favour of digital delivery, in response to consumer preferences and cost efficiency. Consolidation of credit unions, whether by mergers or other tactics, will likely continue with potentially acute strategic disconnect between large complex 'corporate' credit unions and small local community credit unions.

*'Let's face it - we have been down this road before. The consolidation of provincial centrals is hardly a new idea'. Central 1, 'If not now, when?'*

## CREDIT UNION SYSTEM

### A growing B.C. credit union system

Members (L, millions) & Average deposits (R, C\$000)

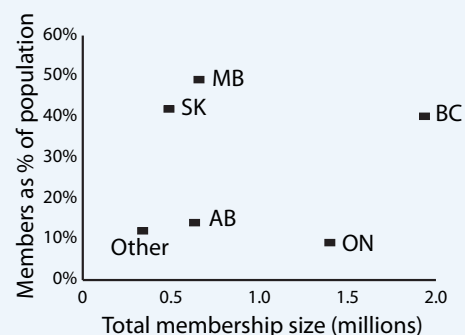


Sources: Central 1

\* Number of members, total member deposits and average member deposit of B.C. credit union system

### Serving two-fifths of B.C. residents

Total membership & Members relative to population



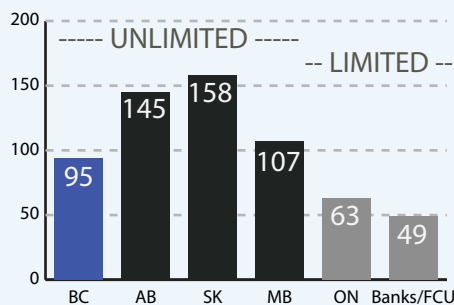
Sources: CCUA. Membership data at 31 December 2015

Sources: Statistics Canada, population per 2016 Census

CCUA data excludes Quebec. Other = NB, NS, PEI and NL

### Provincial deposit insurance variations

basis points (Fund assets / eligible member deposits)



Sources: CUDIC, SCCU, Central 1, DGCM, DICO, CDIC

Sources: CUDGC (SK), CUDGC (AB), SaskCentral

Some implications are frankly speculative. Emergent financial technology innovation or expansive technology giant strategic ambitions may disrupt financial services, including credit unions, and stimulate new competitive entrants or business models. Any unconventional political representation at federal and/or provincial level may introduce policies of a disruptive or unexpected nature. Perhaps an increasing scope of operational functions of credit unions may migrate to credit union central(s) or credit union service organizations.

*‘The number, complexity, and impact of issues facing the credit union system and its new permanent leaders may seem daunting.’*

Likewise, the regulatory landscape could change materially. Roles, responsibilities, and governance of relevant organizations may be re-imagined. Risk-based assessments may leverage artificial intelligence, big data or other technologies. CUDIC or FICOM may become a provincial crown corporation, perhaps comparable with other jurisdictions. Perhaps all large, complex and/or multi-province credit unions may be regulated by OSFI - whether through the popularity of federal charters or otherwise - and provincial regulators oversee smaller, simpler and/or local credit unions. Perhaps provincial governments may align deposit insurance, regulatory standards or supervision expectations/practices. This may simplify consumer protection as multi-province credit unions gain traction. Or some manner of consolidation of provincial regulator functions may access economies of scale and expertise. While perhaps politically unimaginable today then provincial jurisdictions may shrink, regulatory environments may become more complex, and/or provincial systems may become more inter-connected.

Without a shadow of a doubt, the above conjectures will be inaccurate, incomplete or plain wrong. Some may even appear unimaginable today. Future-guessing is perhaps better left to science fiction bestsellers. But the number, complexity, and impact of issues facing the credit union system, its regulators and collective new permanent leaders may seem daunting.

To advance impactful, perhaps disruptive, change then permanent leaders must be bold, persistent and persuasive. There will inevitably be doubters, detractors, and stallerers. Were the changes easy, they may already have been implemented. Visionaries wanted.

## SYSTEM EXPECTATIONS

*“We expect the future for Credit Unions will include the following:*

- *The primary relationship between Credit Unions and their members will increasingly be digital*
- *Traditional economies of scale will increasingly be challenged by distributed, transparent and collaborative networks*
- *The strategic management of data will be critical*
- *Financial margins will continue to be under pressure*
- *Regulatory costs and capital requirements are likely to increase*
- *The diversity amongst Credit Unions will continue to grow”*

Source: Central 1, abbreviated

## CENTRALS UNIFICATION

*“SaskCentral aspires to a vision of a nationally unified and internationally capable co-operative financial network. [Central 1 proposed] vision would be realized when the services of all Centrals are consolidated.”*

*“Our vision for the national system calls for significant consolidation of Tier 2 organizations to a single national trade association and a single national wholesale financial institution.”*

Source: SaskCentral, Alberta Central

## FINANCIAL TECHNOLOGY



## CINDERELLA'S GLASS SLIPPER

Prince Charming used but a glass slipper and unerring faith to find his true love Cinderella. Governance bodies may need to take a more sophisticated, pragmatic and urgent approach to recruit permanent system leadership.

Imagine for a moment that the Prince faced three options to find his bride:

- Search high and low throughout the land. The glass slipper must surely be a perfect fit to signal true love. Patience.
- Ask advisors & other palaces. Perhaps different slippers or a prioritized search process. Assemble a royal working group.
- Trust his heart. Seek passion for serving the realm today & for dreaming of a better tomorrow. Forget footwear.

An unromantic royal advisor may tell the prince of trade-offs between time, cost and quality. A recent ball attracted but a few, rare princesses. Princes of nearby kingdoms also seek brides. Some princesses may be seasoned wearers of high heels. Some may simply covet a pair of snazzy slippers. Extra resources may quicken slipper fittings. But while the prince searches, the realm may become restless and remains unattended.

*'Prince Charming used but a glass slipper and unerring faith to find his true love Cinderella. Governance bodies may need to take a more sophisticated, pragmatic and urgent approach to recruit system leaders.'*



## SYSTEM-LEVEL CEO RECRUITMENT

Each system-level organization, in its own way, has a significant current and/or future impact on the credit union system. But there appear to be several key differences in organization and circumstance that may impact CEO recruitment:

- System-level organizations vary materially in their employee size, legal basis, ownership basis and ultimate purpose
- System-level governance bodies vary materially in their number, expertise, representation and nominations authority
- All recruitment processes, with exception of Central 1, appear not to be assisted by incumbent permanent CEOs
- Exit circumstances of prior/current permanent leadership may vary significantly by system-level organization
- Current process stage of recruitment of permanent leadership appears to vary materially by system-level organization
- Ideal profile, and likely compensation expectations, of new permanent leadership may differ materially by organization
- Permanent leadership may face near-term challenges that, despite overlaps, may be dominated by entity-specific issues

Leadership recruitment initiatives by governance bodies of FICOM/CUDIC and of Stabilization Central Credit Union do not appear to have significantly leveraged, if at all, executive search services.

*‘boards often fail to grasp the complex nature of succession.’ Harvard Business*

*Review ‘The Right Way to Bring a New CEO On board - After the Handshake’*

## STEALING GOOD IDEAS & LEVERAGING BEST PRACTICES

Plenty has been written about CEO recruitment. Thought leadership, perceived best practices and potential pitfalls seem well-documented across a range of publications. Some expert advice appears both timelessly and generic while some advice may be specific to an economic cycle, industry, organizational type, organizational circumstance or nature of the transition. There are inevitable differences between CEO succession issues at an international corporate conglomerate, such as General Electric, and the equivalent processes at any of the system-level organizations that impact B.C. credit unions.

Significant wisdom may be gleaned. In efforts to assist governance bodies then the author has selected a handful of publication. Where possible, direct quotation has been made. The governance bodies responsible for the appointment of permanent leadership of B.C. credit union organizations vary significantly in their profile. As do the organizations that they govern. Learnings may be applied on a selective basis or adapted as appropriate. The author perceives that related external advice may be categorized into three discrete components - succession planning; executive search & selection; and leadership on-boarding.

## SELECTED PUBLICATIONS

HLS#1 - Harvard Law School, ‘Advice for boards in CEO Selection and Succession Planning’

HBR#1 - Harvard Business Review, ‘The Art and Science of Finding the Right CEO’

HBR#2 - Harvard Business Review, ‘Don’t Hire the Wrong CEO’

HBR#3 - Harvard Business Review ‘The Secrets of Great CEO Selection’

HBR#4 - Harvard Business Review ‘The Right Way to Bring a New CEO on board - After the Handshake’

FAST#1 - Fast Company, ‘Why You Should Hire for Potential not Experience’

Weblinks to all publications append this document.

## SUCCESSION PLANNING

HLS#1: *'Most boards review succession planning with the incumbent CEO on a regular basis. We advise that there be a comprehensive discussion at least annually regarding internal candidates and planning for emergency circumstances.'*

HLS#1: *'In ideal circumstances, the succession process will be managed by a successful and trusted incumbent CEO, with the board or a board committee overseeing the process, reviewing the candidates and providing advice.'*

HLS#1 - *'A board working on CEO succession without [incumbent] CEO leadership can be dysfunctional where:*

- *'a board has personal animosities or recurring substantive disagreements that prevent it from reaching consensus on priorities or candidates, or*
- *the board has one dominant personality whose influence is so strong that other directors are effectively excluded from the decision-making process, or*
- *a board [say through prioritization of independence] lacks the depth of experience and expertise in the company's business and industry.'*

HBR#1: *'Many CEOs don't push their boards to discuss what might happen when they leave, because they don't want to think about it—unless they know their departure is imminent. By then it's probably too late to start preparing succession candidates.'*

## EXECUTIVE SEARCH & SELECTION

HBR#2: *'If boards follow the guidelines below, they are much more likely to hire the right CEO:*

- *Come to a shared definition of leadership [in the specific context of current organizational challenges]*
- *Resolve strategic & political conflicts ['board should not assume that a new CEO can come in and puts its house in order']*
- *Actively measure the soft qualities in CEO candidates*
- *Beware of candidates who act like CEOs*
- *Recognize that real leaders are threatening ['without realizing it, many boards are adverse to outsiders who threaten to shake things up']*
- *Know that inside heirs usually aren't apparent ['outgoing CEOs often aren't good at ... choosing their own successor']*
- *Don't rush to judgment'*

HBR#3: *'board members who are adept at picking CEOs do four things others don't:*

- *Work painstakingly to clarify the essential qualities to succeed in the job ['two or three pivot capabilities']*
- *Keep an open mind about where the best candidate will come from ['back off from longtime favorites and keep an open mind']*
- *Go deep to understand which candidate is the best fit*
- *Allow for imperfections in the chosen candidate ['every CEO has an open flank']'*

HBR#2: *'During a search process, boards might do well to keep their long knives sheathed because, in fact, real leaders are threatening to those intent on preserving the status quo.'*

HBR#2: *'Search firms do what they are told. In essence, headhunters look to fill round holes with round pegs. And that is fine so long as they are told the right thing. There are two problems with this. First, the board had better be sure that they have a round hole to fill. Second, talented, frequently younger people - high-potential sorts - are excluded from searches because they lack the exact experience being sought.'*

FAST#1: *'Organizations and their leaders must transition to what I think of as a new era of talent spotting—one in which our evaluations of one another are based not on brawn, brains, experience, or competencies, but on potential. The question is not whether your company's employees and leaders have the right skills; it's whether they have the potential to learn new ones. Four other hallmarks of potential are curiosity, insight, engagement, and determination.'*

## LEADERSHIP ON-BOARDING

HBR#4: *'Whether new CEOs are hired from the outside or promoted from within, they should be aware of a daunting statistic: One-third to one-half of new chief executives fails within their first 18 months, according to some estimates.'*

HBR#4: *'Most new leaders fail not because their financial or operational abilities are inadequate but because their style or political skills render them unprepared to manage the organization's culture.'*

HBR#4: *'Although many people tend to think of succession as the process of identifying and assessing internal and external candidates, defining the characteristics the new CEO will need, and ultimately settling on a final choice then that's really only half the job. Succession should include activities that occur after the new CEO takes the job - activities designed to maximize their chance of success. In many ways, the later stages are more difficult than recruitment and assessment phases. They involve emotions, ego, beliefs about what the organization should become, and, in particular, company culture and politics.'*

HBR#4: *'For a board, a CEO succession is a critical moment in the life of the company - a time when directors should expect to be meeting, talking and contributing more than they ordinarily do, much as they would during a merger or an acquisition.'*

HBR#4: *'Clear expectations are among the most crucial things directors can provide.'*

## CALL TO SYSTEM-LEVEL GOVERNANCE BODIES

The B.C. credit union system needs permanent leadership. The system's purposeful impact on membership, employment and communities seem stronger today than ever. Its future potential to benefit the economy and society appear vibrant. The system seems likely to face challenges that are numerous, complex and substantive. It needs strong and progressive permanent leadership, across all system-level entities, to embrace a daunting suite of circumstances; to imagine a better future; to engage disparate system opinions; to navigate challenging political realities; and perhaps to bushwack a trail through unfrequented or uncomfortable terrain.

A leadership transition in a single organization may be significantly effectual to that organization. New leadership in a organization with system scope or authority has broader impact. But concurrent new permanent leadership across many system-level organizations may create implications and opportunities of seismic proportions.

Research notes sobering statistics of CEO failure. It also highlights best practices, potential pitfalls and thought leadership that may assist efficient, effective execution. The risk of untimely appointment of permanent leadership may be material too.

There is competition to attract leadership talent. In September 2016, the Board of Deposit Insurance Corporation Ontario appointed Guy Hurbert as Acting President & CEO. In March 2017, Credit Union Deposit Guarantee of Saskatchewan's CEO Garth Melle announced his intention to retire effective December 2017. Numerous Canadian credit unions - including Cornerstone, Encompass, VP, Auto Workers, Plainsview, Mount Lehman, Lake View and North Winnipeg - have active or recent CEO recruitment campaigns.

A weighty burden falls on governance bodies of system-level organizations. It is they that will ultimately select and nurture a new generation of system leaders. Recruitment processes may be difficult, demanding and even frictional. There may be issues that impact, and consequences of, any untimely appointments ('empty seats'); with any trade-offs in ideal candidate between short-term operational execution and long-term leadership potential ('visionaries wanted'); and inevitable desire to appoint the perfect candidate ('glass slippers'). The stakes are high. The future is watching. Both the B.C. public and the national credit union membership likely applaud your best efforts. Good luck.

*'Selecting the chief executive officer and planning for CEO succession are among the most important responsibilities of a company's board of directors.'* Harvard Law School 'Corporate Governance & Financial Regulation'

## ABOUT THE AUTHOR

Ross McDonald is a financial services executive, interim resource and consultant with experience in strategy, finance, risk and regulation. He has held SVP, VP and Director roles in multiple organizations including Citigroup, Salomon Brothers, Ernst & Young and a contract role at FICOM. Diverse experience includes credit union, corporate & investment bank, wholesale bank, wealth management, government regulator and external audit organizations. He holds MBA, CA & BAcc qualifications. Ross was a member of the 2013-4 board Governance Task Force on Director Pay of Coast Capital Savings Credit Union. Ross is a current member of Coast Capital Savings Credit Union and of BlueShore Financial Credit Union.

The author is not a journalist. Personal publications vent professional curiosity, and fuel desire to engage with persons that have expertise, experience or perspective. Publications can address topics that are sometimes complex, abstract and frankly nerdy. In efforts to stimulate accessibility, the author uses selective metaphors from popular film, music, sport and fairy tales.

The author welcomes related feedback, ideas, connections and experiences. Public email via [ross\\_www@mac.com](mailto:ross_www@mac.com)

## ACKNOWLEDGEMENT

The author wishes to thank selected credit union system veterans that generously volunteer technical expertise, system insight and professional guidance. Out of discretion then no names are noted. Thank you.

## DISCLAIMER

This article reflects the personal comments of the author, Ross McDonald. It is intended for discussion purposes and the author takes no responsibility for any inaccuracies or misstatements. This article does not represent the views of any financial cooperative, corporate organization, regulatory body or government ministry. Comments are wholly based on information that is in the public domain.

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FICOM / CUDIC, Executive Team: [http://www.fic.gov.bc.ca/pdf/news/News%20release\\_InterimLeadership.pdf](http://www.fic.gov.bc.ca/pdf/news/News%20release_InterimLeadership.pdf)  
CUDGC, CEO: <https://www.cudgc.sk.ca/wp-content/uploads/2017/03/CEO-Retirement-Announcement-20170314.pdf>  
Lake View Credit Union, Executive Team: <http://lakeviewcreditunion.com/your-credit-union-2/management-and-board/>  
DICO, Acting President & CEO: [https://www.dico.com/design/4\\_14\\_Eng.html](https://www.dico.com/design/4_14_Eng.html)

### Selected recent B.C. system-level publications

Central 1, 'Supporting Credit Union Success: A discussion of the future role and structure of centrals and system partners'  
- Report: <https://www.central1.com/sites/default/files/uploads/files/Future%20State%20Discussion%20Paper%20with%20Letter.pdf>  
Central 1, 'If not now, when? Next steps in the future role and structure of centrals and system partners'  
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