

Wrap Up Report

Directors' Forum
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Submitted by:

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Introduction

This year's Forum began with a welcome from Tim Foster of the Directors' Forum Executive. He outlined the layout for the conference and set the tone for a busy couple of days.

The theme of this year's Forum was "innovate, Integrate, Co-operate" and the weekend was filled with innovative ideas, opportunities to integrate the learning and to gain new perspectives on co-operation and collaboration.

Co-op/CU Collaboration

The first session was moderated by CUSOURCE's Donna Bailey, and asked that question, what might be the strategic value of increasing the collaboration between co-operatives of all kinds and credit unions.

There were four main takaways, from my perspective.

1. Co-ops are low hanging fruit for credit unions. The data is clear, 83% of Canadians would buy from a co-op over a private business, and there are 30 new co-ops in Ontario alone each year.
2. One of the panelists, Dave Cork, gave a brief overview of the power of Community Bonds, where groups of people can leverage social assets, common good and capital. We might ask where are credit unions in this space, and how can we make a difference here?
3. A third takeaway is that credit unions and co-operatives can own the values based business space. As Simon Sinek says, "people don't buy what you do, they buy why you do it."
https://www.ted.com/talks/simon_sinek_how_great_leaders_inspire_action?language=en#t-4829 As co-operators in all sectors we can be "genuine not just generous" said Michael Barrett, quoting Patrick Medley.
4. A final takeaway came from the second panel, as both Michael Barrett of Gay Lea Foods and Stephen Bolton of Libro Financial spoke eloquently about the importance of developing the next generation of leaders to lead both credit unions and co-ops.

Alisdair drew attention to the work of a group of Young Leaders in Alberta who have been researching a Credit Union/Co-op rewards and loyalty program for Alberta credit unions and co-ops. It is still on the whiteboard, but interested parties can connect with me, or Alberta Central for more information.

And some final reflections from Donna:

- A key player in the growth of co-operative businesses are credit unions.

- Working with co-operatives makes sound business sense for credit unions.
- Co-operatives are the exception, not the norm.
- Credit unions need to learn (or re-learn) how to do business with co-operatives.
- Credit unions play a critical role in helping co-operative businesses be more competitive in the economy.

Update on Director Liabilities & Pitfalls

Annette Dueck of Stikeman Elliott gave us an interesting look at some of the legal issues we face as directors. My main takeaways include:

1. Governance is not a second executive team. Our sleeves do not need to be rolled up. Rather, we need to be strategic thinkers. Alisdair adds that strategic thinkers are self aware, and have high EQ, they are about to pause and think, able to respond, not just react, and to be part of a group decision and be able to publicly support it.
 - a. Alisdair mentioned the Google Study from HBR 2016 that noted that the most effective teams were not made up of 'stars' but were made up of technically competent people who were interpersonally literate and that airtime around the table was about equal on average.
2. The law will actually protect you when you have been duly diligent, asked questions, taken time to reflect and engage in learning.
3. She implored us to keep learning. Our market places are changing dramatically. Take the time to learn about our members (use data, not just anecdotal evidence) and our communities. Learn about the issues that are important to our members; #metoo, crypto currency, AI.

Central1 Update

Bill Kiss, Chair of Cen1 gave an update. There were three key elements to his presentation.

1. A strategic update, sharing that Cen1 was about building strong partnerships, being bold and a relentless focus on organizational health, and vitally, delivering.
2. He also noted that the digital experience is already your largest branch. We are in the midst of a disruption, and a fundamental question for all of us is "what will the impact of AI be on your business?"
 - a. He offered the following 6 questions board need to be asking around digital experience:
 - i. How are you using our data - and that of your partners - to better understand the needs, preferences and aspirations of your members?
 - ii. What are the client journeys that need to be reimaged, and what value can be created for your members by doing so?

- iii. What lessons are you capturing from the experiences of cooperative banks globally, and how are you applying them in the Canadian context?
 - iv. Who are you partnering with to build scale, improve your relevance, or strengthen your competitive offering to members and prospective members?
 - v. How are you actively cultivating a culture of enterprise agility?
 - vi. What is your strategy to acquire, develop and retain world-class digital talent?
3. Out of this conversation, he noted that the UXP (user experience platform) would be the main focus for Cen1 digitally. Alisdair added that this is kind of like moving from a whole bunch of CD players and juke boxes to iTunes.
 4. Alisdair also noted that his Home Equity Line of Credit was with a BC credit union, and his credit card was with TD. Which is his primary FI? It is these days TD largely because they know much more about me than my friendly neighbourhood credit union.

Cybersecurity

John Heaton of KPMG then gave a presentation about Cybersecurity. Alisdair believes we should be referring to it as cyber resilience; we need to be strong and resilient, not worried about 'security'. This presentation had four takeaways:

1. Consider that social media are great communications media that have your content, forever, everywhere. In other words, and this is Alisdair's connection, in addition to governing a credit union, you govern a newspaper/news channel, that is forever, everywhere.
2. This raises big questions for organizations, like who publishes on this news channel? Who responds to questions or comments from the people your media touches?
3. He offered the following questions boards should ask:
 - a. Cybersecurity effectiveness?
 - b. 3rd party with sensitive info
 - c. Cyber security threat landscape?
 - d. Do we have the right info in the right way for the board?
 - e. Cyber incident response plan?
4. He also spoke of how important it was to ensure that cloud policies were aligned with business strategy
5. Alisdair added, that Cyberresilience was another reason credit unions need to find ways of working together; linking the idea of wildebeest herds crossing a river... the crocodiles are in the river, but they cannot get to all of us, if we are moving together. A single one of us going into the river on our own becomes dinner, the whole of us working together are formidable.

Diversity -- Member Forum

Kim Andres lead a great dialogue about diversity, building on a discussion from 3 years ago

It was clear that board diversity had become a more important question in the last 3 years.

Alisdair added that what may need to be driving board composition is “board effectiveness” and referenced a study published by Harvard Business Review on team effectiveness. (An article from the New York Times about the study is attached to this report.)

He also noted the work of Heidi Grant in 2015 on how important group diversity is in mitigating bias. As Heidi Grant says, “if you have a brain, you are biased.”

One of Kim’s great questions was, thinking about board succession, where do we need to be as a credit union in 10 years, and then what do we need to start doing today as a board to get there?

Breakout Session – Mentoring New and Young Directors

Kim also lead a breakout session on young and new directors. Generated ideas included

- What about the new director choosing his/her own mentor
- Are credit unions using mandatory pre election information sessions>
- What about slowing the board meeting down and explaining what is going on to the new directors?
- Are credit unions doing exit interviews with departing board members?
- How are credit unions welcoming new board members>
- How are credit unions using in camera meetings to support development of new directors?
- Kim recommended an “evergreen file” of potential new directors
- She also recommended looking at middle management from business members who want to add skills and competencies to their tool kits

Breakout Session – Board Chair Session

(Alisdair did not attend this session as it was concurrent with the New Directors session. He was informed by a reliable witness)

- Discussion first centred on the hows and whats of board remuneration
 - Attracting the people we want
 - Offering some perks
 - The gig economy, and supplementing retirement income are both reasonable reasons to remunerate

- And secondly, what are some options when a board member is not performing
 - Making sure that the policies are in place beforehand
 - Having an annual reminder of the code of conduct

Culture – A Game Changer

Mary Larson brought us back together for the morning of Day 2, with a fascinating presentation about the impact of Values on Culture, and to quote Peter Drucker “culture eats strategy for breakfast.”

Is culture something that boards should be paying attention to? It seems yes.

Mary suggested that board members meet with employees and there was a sharp intake of breath in the audience. Alisdair offered during his wrap up, that it may be good to meet and greet employees but under very, very clear ground rules and expectations. In his own practice he has had staff in board planning sessions, but boundaries about who is making the decisions need to be in place.

Alisdair also offered that it is better to use Barrett or other Values exploration data as opposed to the views of individual employees – multiple data points are vital for mitigating bias. And that such surveys are more about measuring who we are, who we want to become, rather than what we want to do.

The Barrett data also measures what Mary calls cultural entropy, that is, The amount of energy in group that is consumed in doing unproductive work—work that does not add value. It is a measure of the conflict, friction and frustration that exists in a group due to potentially limiting values such as: bureaucracy, blame, power, greed ... (self-interest)

Cultural entropy is a function of the personal entropy of the current leaders of an organization and the institutional legacy of past leaders as embedded in the structures, systems, policies and procedures.

Alisdair then wonders, on a scale of 1 (lo, good))– 4(bad, hi) what is the level of cultural entropy on your board?

Thank you for affording me the opportunity to provide the wrap up and this report. It was, as always a great conference.

Respectfully Submitted
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