



# SUCCESSION PLANNING GOING DEEP

BY DEEDEE MYERS AND MARK HAEUSSLER

Imagine a credit union where all employees have their own career development plan or leadership development plan. Every day they show up for work specifically knowing what value they bring to the credit union, their expected accomplishments, who cares about their performance and where to focus their continued learning in order to live and work in their own unique potential.

At the end of each day they add greater value to themselves, the credit union and the community. Sounds like a dream! This is true succession planning and developing leadership from within. And it is happening in credit unions.

The easiest way to define succession planning is “having the right people, in the right places, at the right time doing what they do best.” There are two places to start with a sustainable succession planning process. The first is to define the organization structure and then fill in the boxes. The other is to assess the people you have and then create a structure that makes best use of their talent.

The latter is atypical in credit unions, yet can be a bold move to building and growing a culture of leadership. It starts with assessments of who is on the bus, what they most enjoy doing and how it relates to the strategic and business initiatives.

Several credit unions are getting it right.

\$1.5 billion/177,000-member Arizona Federal Credit Union ([www.azfcu.org](http://www.azfcu.org)), with 443 full-time equivalents in Phoenix, has a robust leadership development and mentoring program that reaches out to more than 90 employees, middle level managers and supervisors. The CU is concentrating on promoting leadership from within by helping its employees work at their full potential.

Thus, about 19 months ago the CU started its mentoring program with 11 senior executives each mentoring eight to 10 protégés. This leads to automatic succession planning and automatic employee retention. The protégés are developing the skills and confidence they need

**Advance leadership from within the credit union by creating a development plan that reaches employees at all levels, from the CEO to branch managers.**

to move up in the organization. And they get greater job satisfaction, a greater commitment to the CU and a career path, making it attractive for them to stay.

\$460 million/91,000-member FirstLight Federal Credit Union ([www.firstlightfcu.org](http://www.firstlightfcu.org)), with 251 FTEs in El Paso, Texas, actively integrates recruitment and employee development with succession planning.

Karl Murphy, president/CEO and a CUES member, needed to build a strong team of executives quickly. However, he didn't want to just hire for the CU's current needs but also for its future needs. So he decided to hire people who were qualified beyond the initial job, who could help him get the CU where it needed and wanted to go. The new employees needed to be able to step into a bigger role when the CU got there.

These credit unions are building and advancing leadership from within, which is key to a culture that embodies succession planning as an ongoing event rather than a one-time review.

## START AT THE TOP

The first succession plan developed should be for the CEO role. The board is responsible for hiring the CEO and knowing, at all times, who the CEO's potential successors are, whether the candidates are internal or external to the organization. The board should have intimate understanding of the leadership qualities, area of expert-



ise and emotional intelligence of each person on the potential successor list.

Three years ago the board at \$1.6 billion/122,000-member CommunityAmerica Credit Union ([www.cacu.com](http://www.cacu.com)), with about 355 FTEs in Lenexa, Kan., requested a succession plan for its CEO role. Representatives of the board met with the current CEO, Dennis Pierce, CCUE, and an outside consultant to design the CEO role of the future.

They combined succession planning with the CU's strategic plan. The basic premise was to look into the future of the credit union and articulate what knowl-

edge, skills, leadership qualities and desired behavior are necessary to lead in three to five years, in 10 years or even 15-20 years. The CU plans to continually build the competencies of its employees to reach its strategic goals.

While many CUs start looking at succession planning only one year to six months ahead of time, CommunityAmerica CU knew it couldn't build the leadership it wanted overnight.

Next the CU took the exercise to its executive team and is now working on this at the VP, director and even manager level.



GO DEEPER

CommunityAmerica CU implemented the Star Performer®, which is a series of assessments developed to determine competencies. It helps a CU and individual employee determine what hard skills are needed now and will be necessary five years from now. What is the ideal behavior for the role? Is it a position where the employee will be working in the community and will need to have excellent networking skills? Or is it better suited to someone who is task-oriented and can sit at a desk all day without much supervision? What is the employee's leadership ability?

The process is like an internal conversation where you say, "These are my talents and my passions. I am good at this, but need to work on that. I don't add value to these activities, therefore, I need to delegate and develop them in my subordinates."

Both the employee and his or her manager go through the assessment and then jointly commit to what areas need to be developed.

The goal, according to Jean Claytor, VP/human resources, is for every employee to have a development plan. "CommunityAmerica CU has utilized the Star Performer® model over the last few years with success," Claytor says. "This is an intimate dive into a position held by an employee and the strengths that employee

RESOURCES

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possesses to perform, which has spurred many enlightening conversations. I view this as a valuable human resources process that would enhance any company's quest for organizational development."

These plans are not developed in isolation; for the CEO position, they are the result of deliberate dialogue and exchanges involving the CEO, the potential successor and the organization development consultant.

Each individual potential successor is a material contributor to his or her own plan which creates more value in ownership and success. Our assessment is that the

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more strategically advanced organizations have at least two potential successors. This is, in fact, a form of risk management. Grooming at least two successors provides the board with more choice.

The succession plan should be updated annually to account for strategic redirections and changes in the personal lives of potential successors. Many succession plans include a scenario involving an external search in addition to considering the internal potential successors. Some boards, even with comprehensive development and succession plans, want additional assurance that they have the best field of candidates. Internal candidates may find they have competition from unknown external candidates.

Additionally, there is no guarantee to the CU that the internal successor(s) will accept the CEO role if offered.

An important component of the development plan includes setting development milestones. Goals are laid out for potential successors. The employee is involved with visualizing what his or her role will be three years from now. It is not just the manager handing out a plan and saying “Go do it.” The employee contributes to authoring it.

The plan is updated annually; it is dynamic and ongoing. Throughout the year the employee will set goals and be assigned to an internal or external coach with whom he or she will have monthly or quarterly check-ins. For example, someone who wants to understand finance will be paired with the CU’s CFO. And a loan officer who wants to know how the marketing side works will meet with the VP/marketing. The coach could suggest that the employee read a particular book or attend a conference, have a specific conversation, etc.

When an opening occurs, especially for the CEO position, the potential successors are reevaluated and it is then that the successor is chosen. Up until then, the core of the succession plan is a comprehensive contingency plan and a way for the CU to develop its staff.

Combining the strategic plan with employee development creates greater capacity for the CU to have more aggressive goals. Employees are more confident and willing to risk more, while also being clear in assessing the risk. It opens the door for more honesty and more real collaboration throughout the credit union.

Of course, things will still break. There will be problems and mistakes. But these breakdowns will be fewer and more easily managed and fixed.

Another outcome is more satisfied employees, not just at work, but in their life overall. If you know how to organize your day at work, you have time to devote to your family and kids.


Pierce, a CUES member, believes CommunityAmerica CU gained much more than an initial CEO succession plan. The entire process, still ongoing, gave them a new starting point for the future.

“CommunityAmerica CU began the process thinking it was just a plan to replace the CEO position,” Pierce says. “It has developed into much more and has changed the way we manage the organization.

“We have created a new aggressive goal for our future and now use the tools we learned to lead the organization toward that goal. The succession plan has not only created a replacement process but has opened the door to develop the necessary leadership skills to succeed in the new position and any position.”

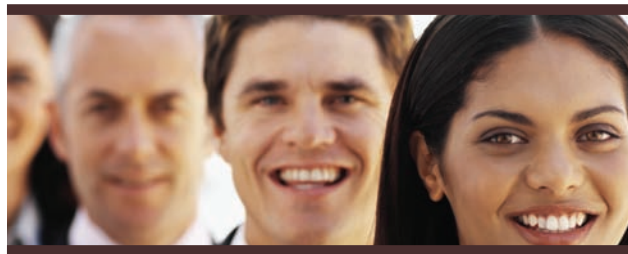
There are two time dimensions in developing succession plans. The first time dimension is the role in the immediate timeframe (how do I need to show up different to be a better leader today?) and the second is the role of the future, three to five years out.

The longer framework keeps the vision for the future and creates a culture of ongoing leadership and focus. Meetings, conversations and initiatives embody a sense of greater meaning and value, because people understand their role in relation to the CU’s goals. In fact, meetings are more productive and often shorter for credit unions with a deliberate focus on developing leadership from within. Everybody is working from the same page as individuals and departments know how they all fit together.

Having the right people, in the right places, at the right time doing what they do best is not achieved in a drive-through moment. To be successful, succession planning needs to be integral to the credit union’s existence; that is, done with integrity. And if it goes deep within the credit union, you’ll be amazed at the ensuing positive response from employees and results to the credit union’s bottom line. 

**Deedee Myers and Mark Haeussler** are co-founders of the *Advancing Leadership Institute*, a division of *DDJ Myers, Ltd.*, and work with credit unions in developing sustainable leadership. They are also the proud parents of nine children including a set of twins and quadruplets. Learn more about their service at [www.ddjmyers.com](http://www.ddjmyers.com).

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