



**CIPRIANI COLLEGE**  
OF LABOUR AND CO-OPERATIVE STUDIES

# **WORK MATTERS COLUMN**

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# Shaping Up for Success Is Your Credit Union's Board Ready to Lead the Future?

Our society has a strong appreciation for the shape of things sometimes, it even borders on fascination. Whether it's comparing someone to the iconic curves of a favourite cola bottle or gauging the success of a season with the familiar question, "How are things shaping up?"; ergo, shape matters. But shaping isn't just a casual concept; it can also be strategic. For credit unions and their leaders, adopting the right shape is essential for achieving the desired results. Like a potter moulding clay, this process must be deliberate and purposeful.

Shaping the board of directors of a credit union to be a strategic asset is a transformative approach that goes beyond the traditional view of boards as mere fiduciary overseers. *By leveraging the board's collective expertise, networks, and reputation, credit unions can advance their missions and strategic goals more effectively.* Directors bring three essential resources to their roles: expertise and connections that provide guidance and opportunities, legitimacy and prestige that enhance the credit union's credibility, and access to external resources that can fuel innovation and growth.

Strategically composing the board is a critical process that ensures alignment with both the credit union's current operational needs and its long-term aspirations. A well-structured board plays a pivotal role in guiding the organization through evolving challenges and opportunities. Achieving this requires a deliberate and thoughtful approach to selecting directors, focusing on their individual expertise, professional backgrounds, and personal attributes. Beyond individual capabilities, it is essential to assess the collective composition of the board to ensure that it embodies the diversity and skill sets needed to advance the organization's mission and strategic goals effectively.

Benchmarking the board against the demographic and geographic profile of the credit union's membership base is an important step in this process. This involves ensuring representation from different segments of the membership, reflecting varied experiences, communities, and perspectives. Additionally, identifying the technical, financial, and governance skills essential for the credit union's success is paramount. This enables the board to effectively oversee operations, manage risks, and identify opportunities for growth in a competitive financial services landscape.

Evaluations of the board's structure and performance should be conducted annually. These assessments help ensure that the board evolves in line with the organization's strategy, industry developments, and operating environment. Such reviews also provide an opportunity to identify any gaps in skills, diversity, or representation that may need to be addressed in future appointments.

Striking the right balance between experience and innovation is another vital consideration. Experienced directors provide institutional knowledge, historical perspective, and stability, all of which are crucial during times of uncertainty. At the same time, integrating new directors with fresh perspectives and innovative ideas fosters creativity and adaptability, ensuring the board remains dynamic and forward-thinking.

Injecting new life into the organization's leadership is critical to the longevity and growth of any institution. Refreshing boards can be achieved through both formal and informal methods. Formal approaches include instituting term limits, such as three or four three-year terms to balance institutional knowledge

with the need for new perspectives. Setting a maximum age for director re-election can also facilitate generational renewal and ensure the board remains forward-looking. Informal methods, like agreeing on term limits or retirement ages through board guidelines, can create a culture of planned succession without rigid mandates. These practices should also extend to board presidents, as leadership roles benefit from regular rotation to maintain adaptability and innovation.

Recruiting new directors is a critical process that requires a thoughtful approach. While this culminates at the Annual General Meeting, it must be an intentional part of the leadership strategy. Developing a matrix of desired attributes, such as diversity in thought, experience, and demographics, ensures the board remains relevant to the organization's evolving needs. While existing members may provide potential candidates, external recruitment drives offer an opportunity to broaden the search and introduce fresh perspectives. Relying solely on the networks of current directors can lead to homogeneity and reduce accountability. Instead, a combination of deliberate co-operative education and external expertise ensures a balanced and effective selection process.

Succession planning is another vital element of shaping a strategic board. Establishing advisory or supervisory boards can help groom future directors by providing them with valuable training and exposure to the organization's governance. Additionally, directors who are transitioning off the board due to term limits or retirement can continue to contribute informally as advisors, ensuring their experience and insights are not lost.

Prioritizing diversity, skill alignment, and thoughtful succession planning, credit unions can build boards that are well-equipped to navigate both current challenges and future opportunities, ultimately strengthening the organization's ability to serve its members effectively. By taking these steps to shape their boards, credit unions can transform their

governance into a strategic asset. A well-composed board that reflects the needs of both the present and future can drive innovation, ensure effective leadership, and position the credit union for sustained growth and success. So, take a look at your Board as you move to the future. "How it shaping up?"

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