



Directing Change;  
The Board's Role in Large  
Change Initiatives

Credit Union Central of  
Canada

May 6, 2008

The Rev. Alisdair Smith

# Our Process

- Lecture
- Dialogue
- What large change are you considering/experiencing in your credit union?

# Learning Objectives

- Recognize theoretical models
- Describe the role of the board in large change initiatives
- Consider specific tasks for the board to govern large change initiatives.

If the blind lead the blind, both shall fall into the ditch.

The Gospel of Mathew 15.14

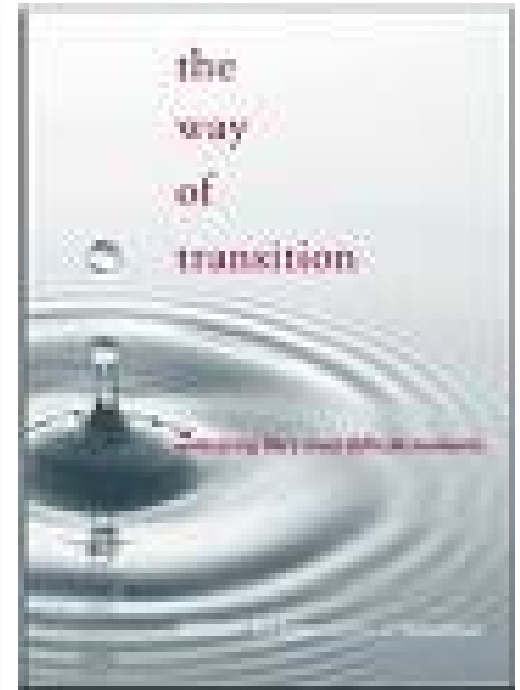
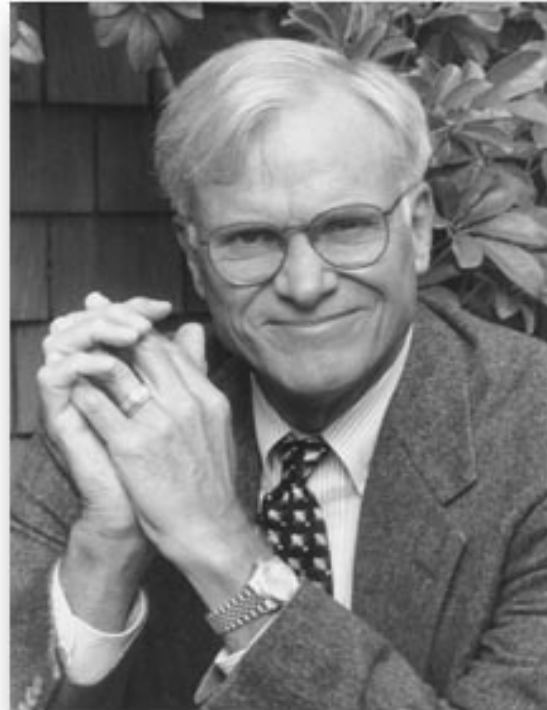
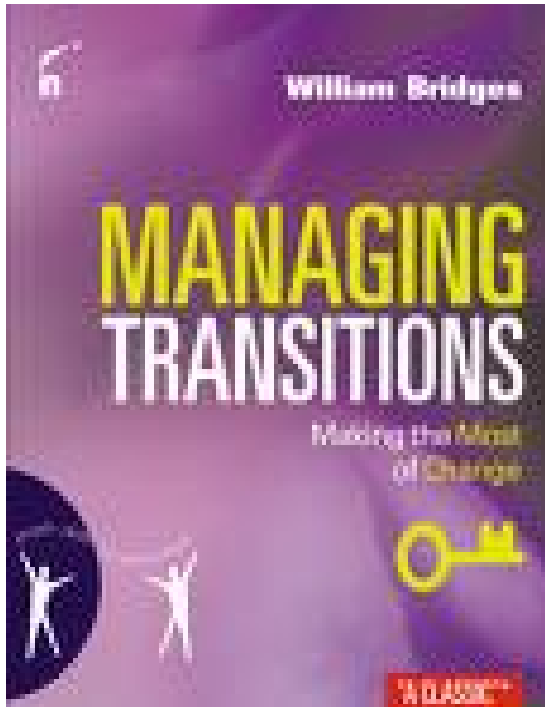
The devil is in the denial of our own power and the expectation that someone else will lead us to a better tomorrow.

Peter Block  
Author and Consultant

Somebody has to do something and it's just  
incredibly pathetic that it has to be us.

Jerry Garcia  
Musician and Songwriter

# William Bridges



***Change*** is a shift in an external situation.

***Transition*** is the  
psychological response to the change.

## Examples of External Changes

- Middle school to high school
- School to working
- Single to partnered/married
- No children to children
- Married to divorced
- Working to retirement

## **Transition is how you responded to those changes:**

- Middle school to high school (+/-)
- School to working (+/-)
- Single to partnered/married (+/-)
- No children to children (+/-)
- Married to divorced (+/-)
- Working to retirement (+/-)

# *The New Beginning*

Excitement  
Creativity  
Innovation  
Openness

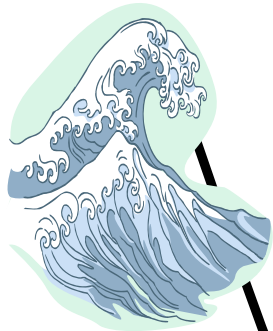
# *The Neutral Zone*

# *Ending, Losing, Letting Go*

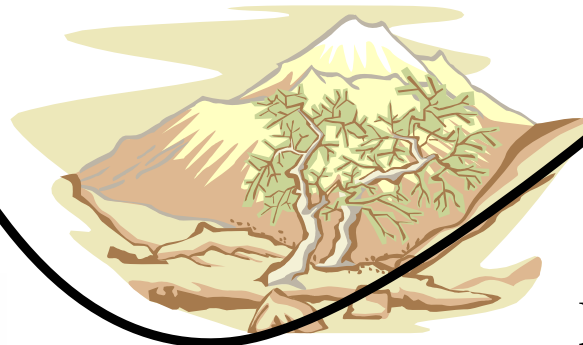
Anger  
Resentfulness  
Depression  
Frustration

# A Metaphor

Ending/The Red Sea

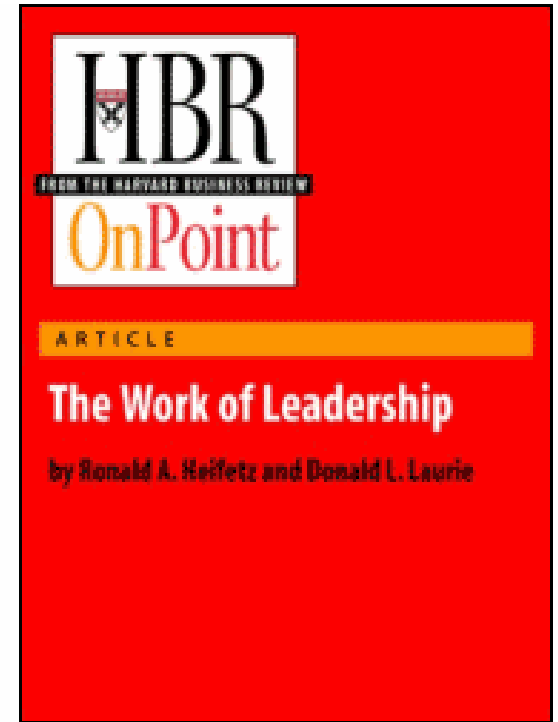
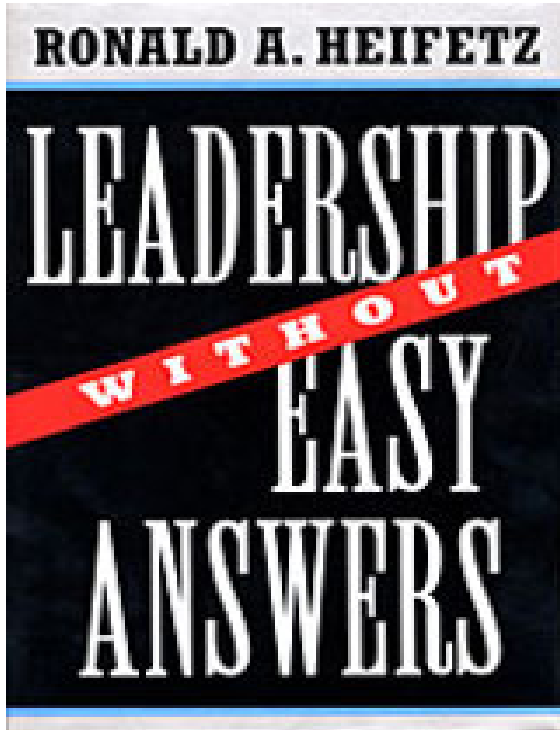


New Beginning/  
The Promised Land



Neutral Zone/The  
Wilderness

# Ronald Heifetz



## Technical Problems

- The steppe
- Solved by knowledge in hand
- Can be done (arguably by an individual)
- Assigned to management

## Adaptive Challenges

- The swamp/The Wilderness
- Requires innovation and new learning, even on the part of the person exercising leadership
- Enabling a group to move to a more adequate kind of pattern
- Bridging the gap between the real and the ideal
- Requires interdependent leadership

## Technical Problems

- New marketing strategy
- Opening a new branch
- IT migration

## Adaptive Change

- Merger
- New CEO
- Sales culture
- Competency based performance

# A Large Adaptive Change Initiative



## The Role of the Board of Directors

There are many elderly but few elders in our society.

Sharon Daloz Parks  
Author and Consultant

# Role of the Board of Directors

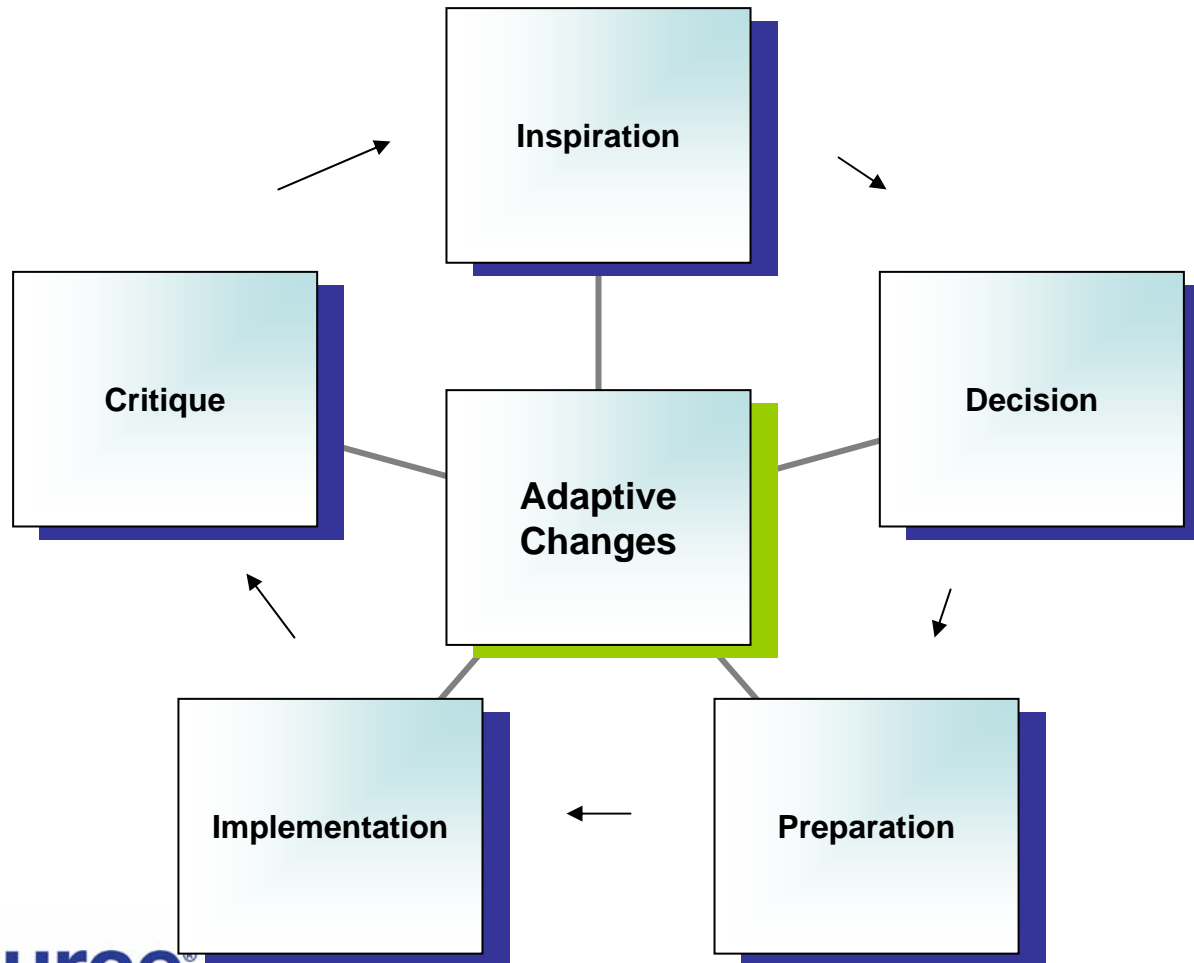
- Technical problems are management
- The more adaptive the challenge is, the more the board is involved (leadership, oversight, stewardship, reporting)
- The “change” is board and management
- The “transition” is management

**The board supports/coaches  
the CEO in his/her transition as required.**

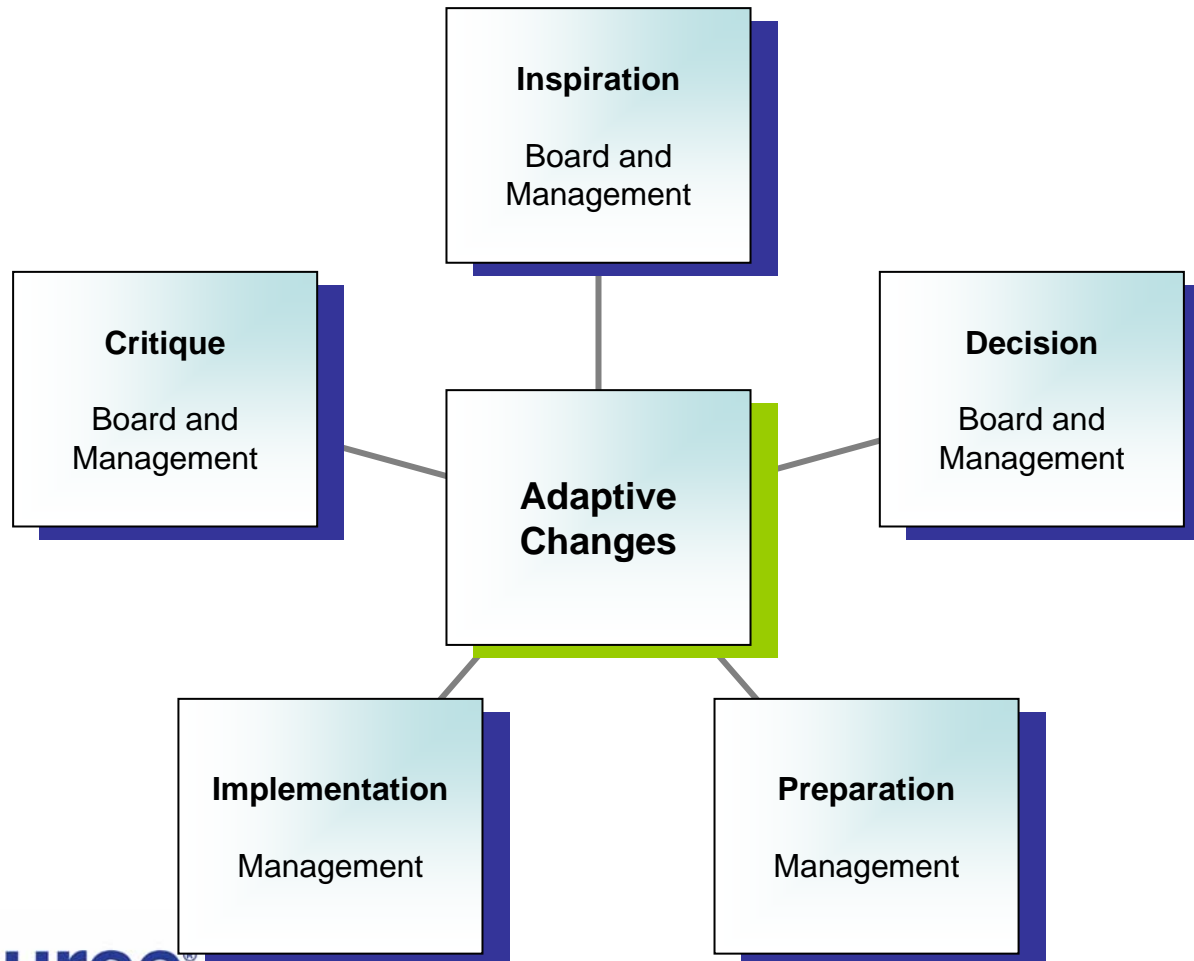
Stay on the balcony ... stay off the dance floor.

Ronald Heifetz  
Author and Consultant

# Yeager's Change Initiative Cycle



# Roles for Board and Management



# Board Accountability

<b>Leadership</b>	Sets direction and policy. Establishes the standards to be met.
<b>Oversight</b>	Monitors, reviews and assesses performance against those standards.
<b>Stewardship</b>	Maintains independence. Oversees risk management at the enterprise level.
<b>Reporting</b>	Approves the financial statements and any necessary disclosures.

# Board Accountability: Adaptive Change

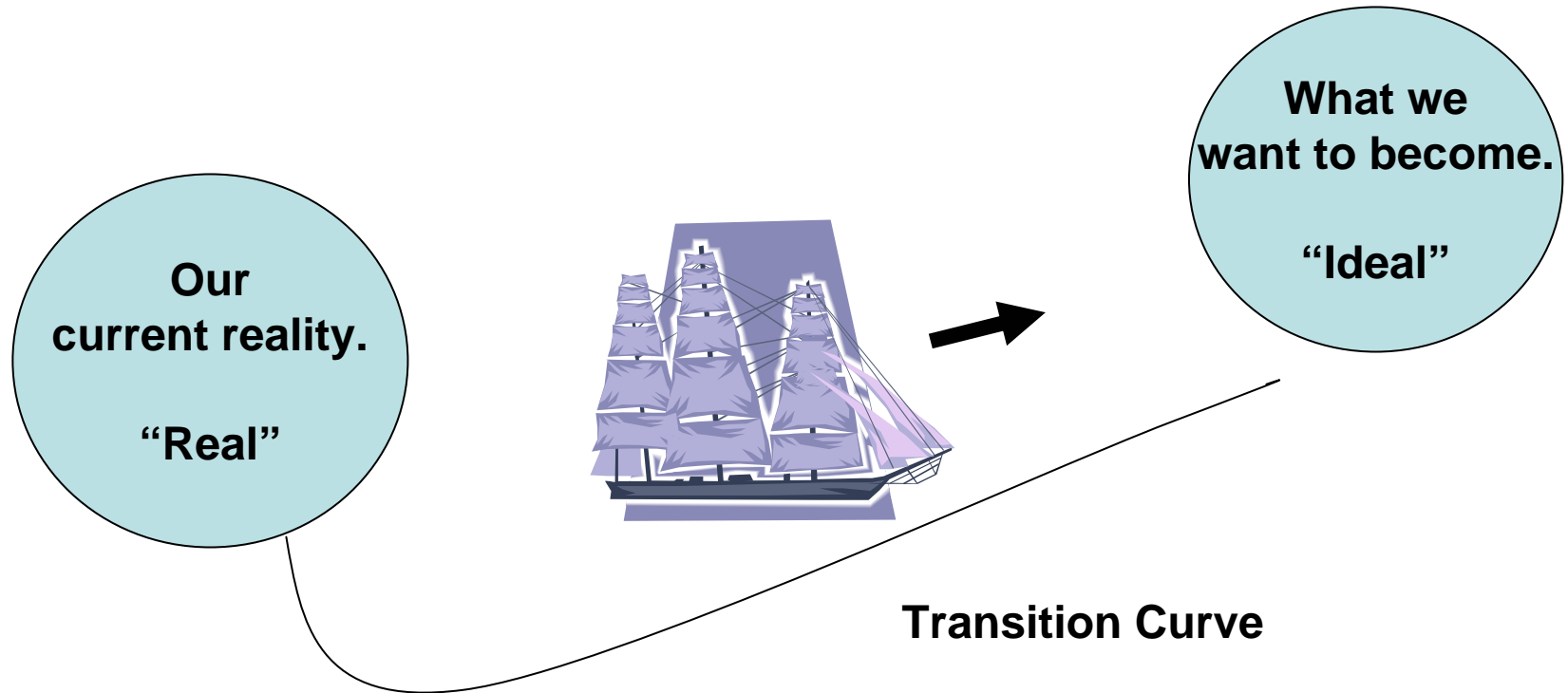
<b>Leadership</b>	Vision ...deeper purpose ...setting direction ... how does the change fit ... coach/advisor as needed for CEO
<b>Oversight</b>	Monitors, reviews and assesses performance against agreed upon standards ... holding itself and management accountable for the success of the change
<b>Stewardship</b>	Oversees risk management at the enterprise level
<b>Reporting</b>	Reviews and approves balanced reporting and any necessary disclosures ... stands “front and centre” on major decisions

# Adaptive Change

## **Specific Accountabilities of the Board of Directors**

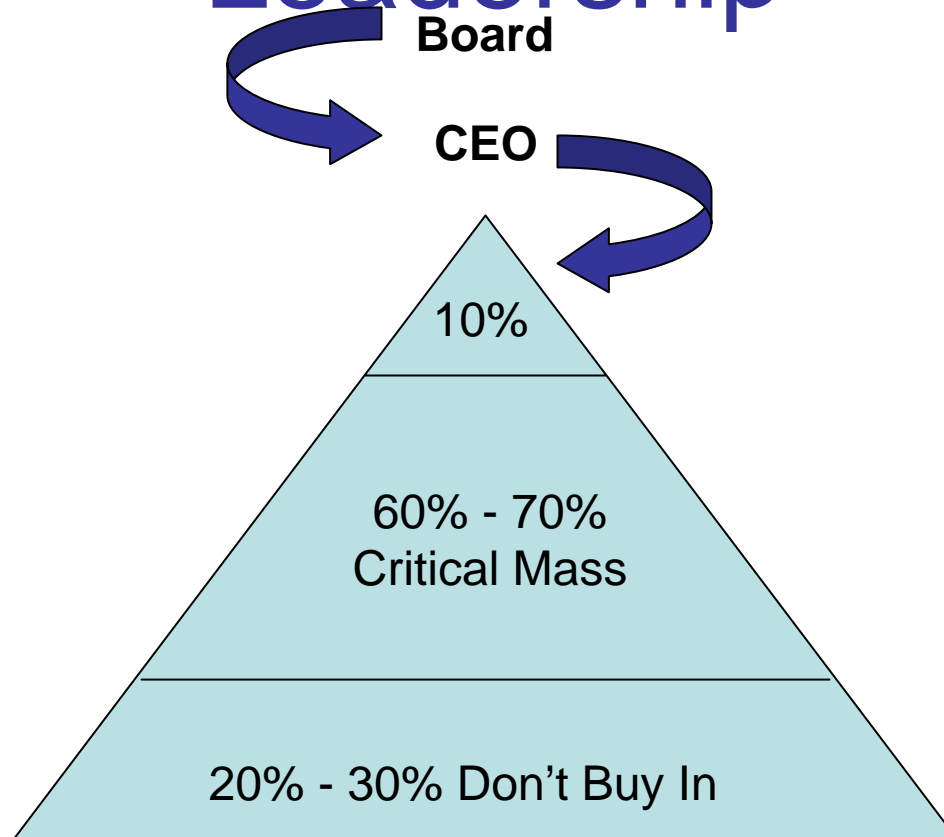
- Leadership: Setting Direction and Coaching the CEO
- Oversight
- Stewardship
- Reporting

# Setting Direction



**Describing the Gap Between "Real and Ideal"**

# Coaching the CEO: Motivation – Leadership



# A Few Coaching Questions

- What is the back up plan?
- How does this support our vision? strategy? deeper purpose?
- What assumptions do need to be tested here?
- What is starting to keep you up at night?
- What are the anticipated quick wins?
- What further challenges might come our way, and what might we do to alleviate or mitigate them?
- What numbers are intriguing you?
- What numbers are puzzling/frustrating you?
- How are the staff and management feeling? Who are you proud of?

# Given your Change

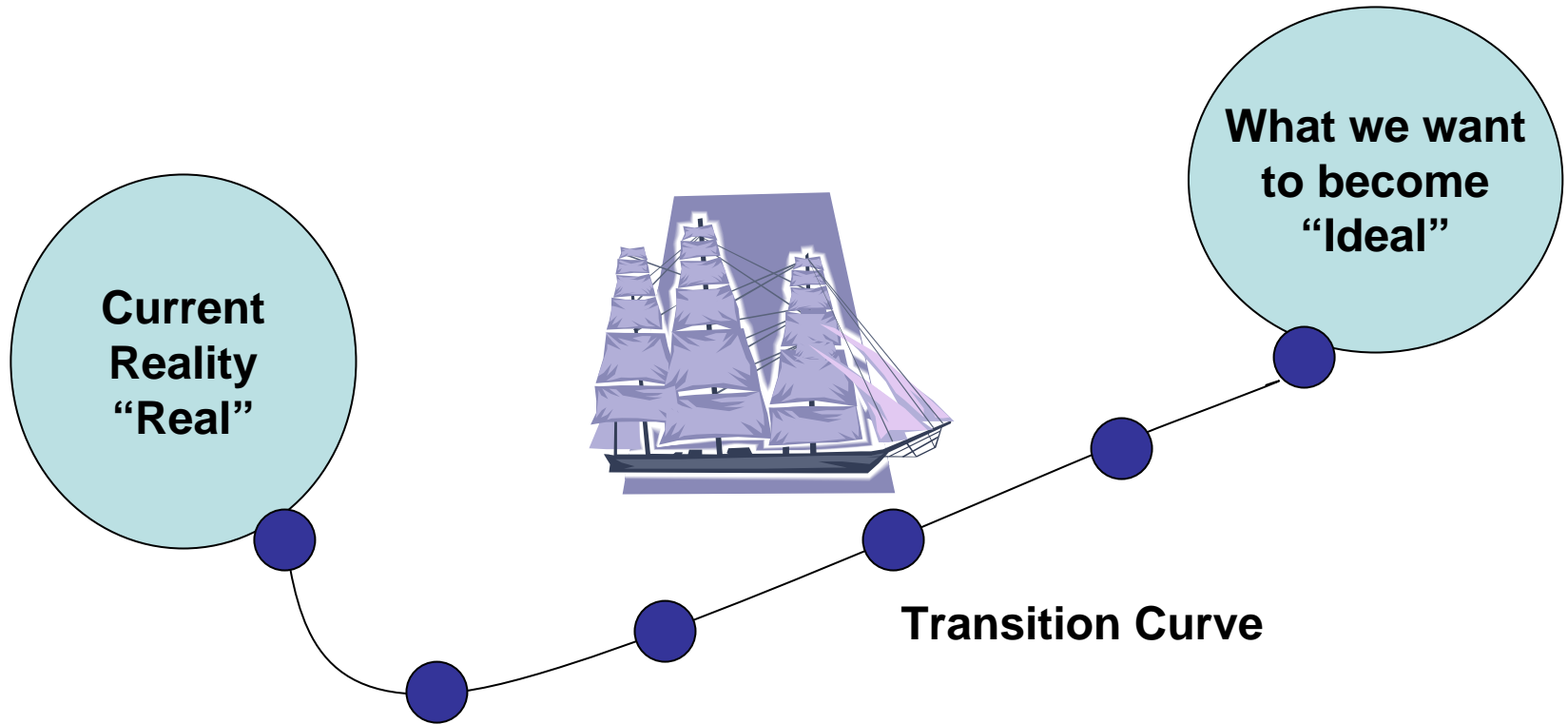
- What are two questions you can ask your CEO?

# Adaptive Change

## **Specific Accountabilities of the Board of Directors**

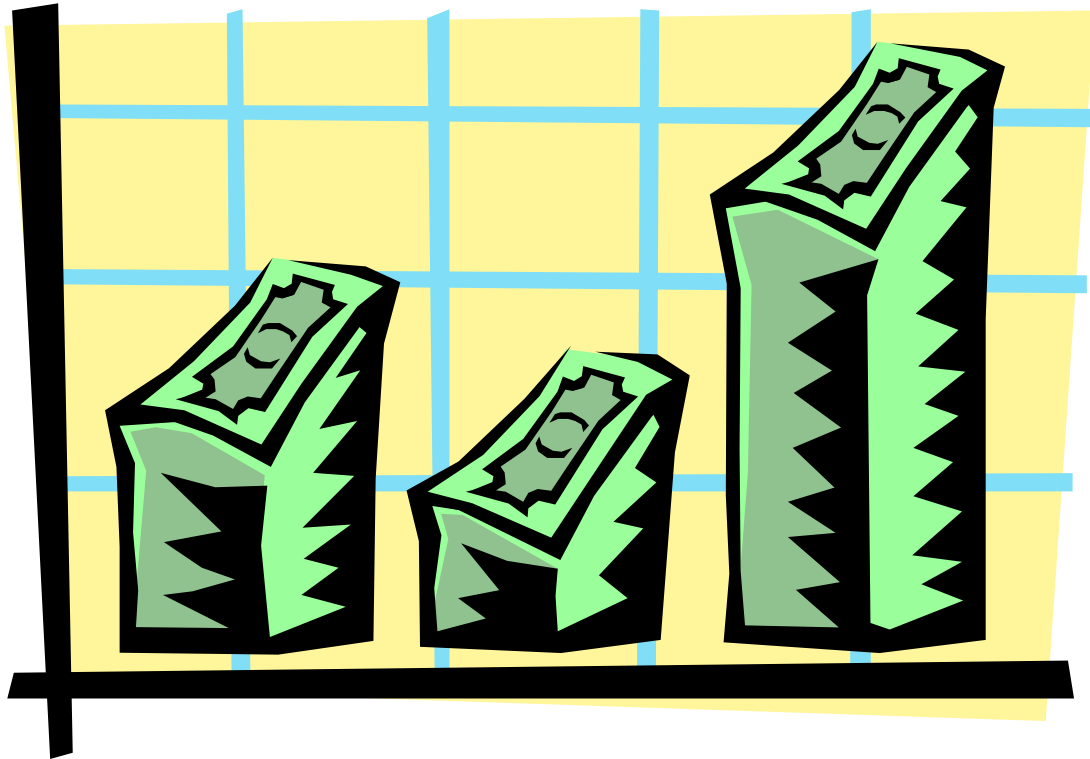
- Leadership:
- Oversight: Balanced Objectives
- Stewardship
- Reporting: Balanced Objectives

# Oversight



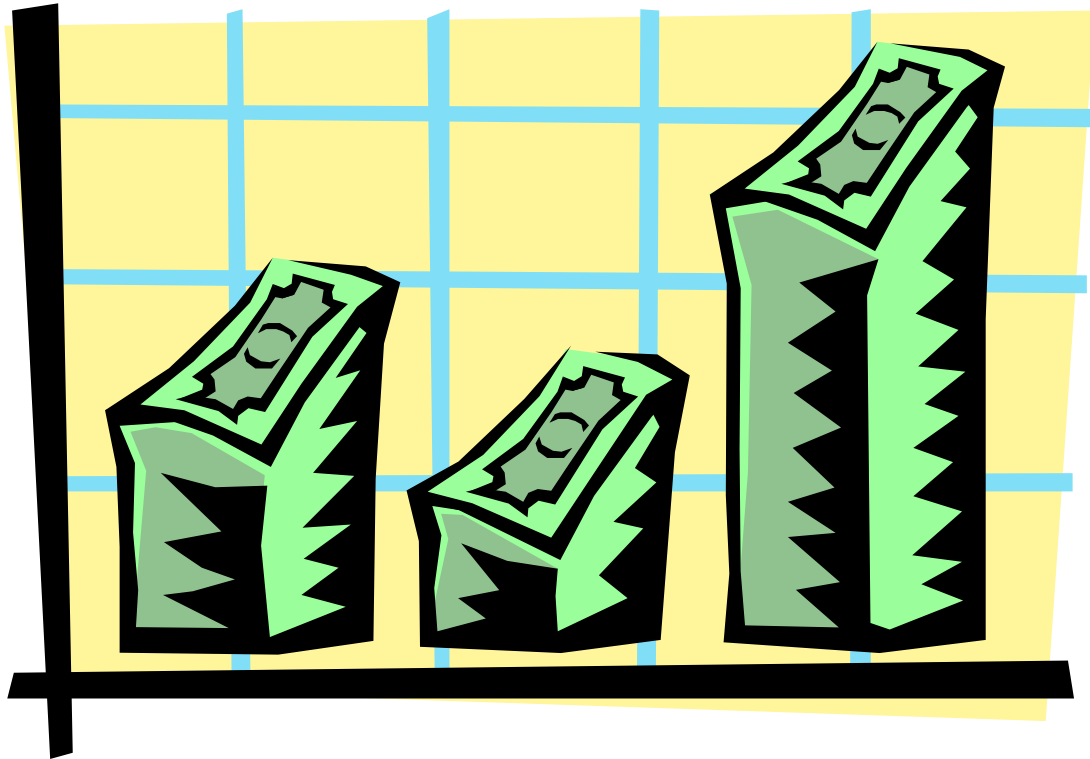
**Balanced Objectives**

# Oversight: Objectives



**Board of Director's: Milestones and Speed Limits**

# Oversight: Objectives



**Management's: Measures of Success**

# Given Your Change

- What benchmarks and/or objectives have been set?
- What benchmarks and/or objectives do you think need to be set?
- When will you next hear from management?

# Adaptive Change

## **Specific Accountabilities of the Board of Directors**

- Leadership:
- Oversight:
- Stewardship: Risk Management
- Reporting

# Stewardship: Governance Standards

## Board of Directors

1. Understand and fulfill responsibilities
2. Exercise independent judgment
3. Establish board, committee and CEO responsibilities
4. Select the CEO
5. Review compensation
6. Establish standards for business conduct and ethical behaviour
7. Evaluate the CEO
8. Oversee strategic management
9. Oversee risk management
10. Oversee liquidity and funding management

# Stewardship: Governance Standards

## Board of Directors

10. Oversee capital management
11. Affirm a control environment
12. Oversee independent internal audit function
13. Ensure the Credit Union is “in control”

# Given Your Change

- What risks are there inherent in your change?
- What is the likelihood and impact of those changes?
- What is management doing to mitigate those risks?

# Board Accountability: Adaptive Change in Review

<b>Leadership</b>	Vision ...deeper purpose ...setting direction ... how does the change fit ... coach/advisor as needed for CEO
<b>Oversight</b>	Monitors, reviews and assesses performance against agreed upon standards ... holding itself and management accountable for the success of the change
<b>Stewardship</b>	Oversees risk management at the enterprise level
<b>Reporting</b>	Reviews and approves balanced reporting and any necessary disclosures ... stands “front and centre” on major decisions

# Group Discussion/Discernment

- Insights?
- Challenges ... surprises?
- Questions?
- What still needs clarification?

Thanks for your time, Aloha!

The Rev. Alisdair Smith  
National Learning Facilitator  
604.813.3055