

# THE DEFINITIVE GUIDE TO HIRING A CEO

A BLUEPRINT FOR A CREDIT UNION'S BOARD OF DIRECTORS



Shanley Search  
PARTNERS



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# Introduction

The transition to new leadership within a credit union can be an exciting time for all stakeholders. It represents the chance for a new vision, a different direction or increased growth. But the unknown can also produce anxiety about the future of the financial institution—especially among the Board of Directors tasked with making this hiring decision.

Selecting a new CEO is truly the most crucial decision a Board of Directors will make—so the importance of getting it right the first time cannot be overstated. Perhaps now more than ever, it's proving incredibly difficult to find a dynamic leader that possesses both the soft skills necessary to move a culture forward and the technical skills essential to managing a financial institution amidst global digital transformation and increasing consumer expectations and demands.

Because Board members do not usually have the time, specialized experience and/or objectivity to conduct the search process internally, partnering with a third-party consultant provides the best opportunity for making the perfect hire. Armed with a thorough plan, a focused timeline, a wide network of qualified candidates and a system to zero in on the desired qualities, an industry expert can guide the entire process efficiently and effectively, securing top-performing leadership for a credit union's next chapter.

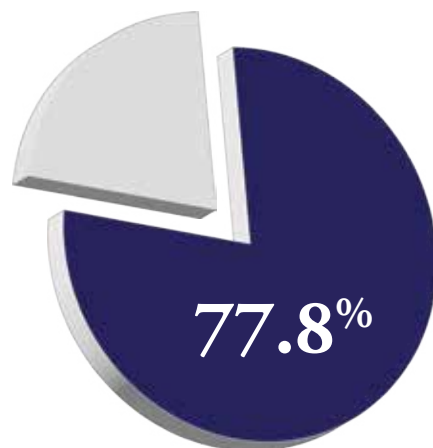
For credit union Board members who find themselves in the position of needing to hire a CEO, this guide will outline how to prepare, what to expect along the way, and how to find the absolute best candidate for the job.

# Planning for the Future

Even if your financial institution currently has stable leadership, life happens—and you’ll want to be prepared. Deciding on the processes and best practices for choosing a new CEO is something your credit union should already have in its strategic plan. If it’s not, it would be wise to develop a succession plan before the need for new leadership is even on the horizon.

Although succession plans will vary from one credit union to another, the purpose is universal: to ease tension and avoid scrambling by laying out a plan for future leadership. You might include a shortlist of internal candidates or identify who will step in as an interim CEO should your current leader depart unexpectedly. You should also include a shortlist of previously vetted search firms that the Board of Directors can contact immediately to get the search process started. And finally, the plan should be revisited on a regular basis, so it remains up to date.

Regardless of whether or not you think you have your next CEO already waiting in the wings, an external/internal search process by an unbiased third party should always be considered, in order to validate the entire process for all stakeholders. An objective search demonstrates that your new hire—whether internal or external—is the best person for the job and has truly earned the role.



**77.8% of credit unions have succession plans in place**

Source: [CUES Survey, 2019](#)

*“By failing to prepare, you are preparing to fail.”*

– Benjamin Franklin

## INTERNAL VS. EXTERNAL HIRE

While a current C-suite-level employee is a known entity who already fits in with the credit union’s culture, it can sometimes also be difficult for Board members to visualize this person as a CEO. Going through a national search helps the Board compare candidates in a uniform manner.

According to Shanley Search Partners, new CEOs are hired from outside the credit union about as often as they’re promoted from within. Which direction you take varies on a case-by-case basis depending on the talent you already have and in what direction the credit union wants to go.

One thing to remember as you go through the process, Shanley says, is that if all things are equal, you should hire your internal candidate. It promotes morale in the credit union and shows employees that there are upward mobility opportunities you can earn if you work hard. The problem is, you won’t actually know if all things are equal until you go through the search process—and you owe it to the membership to truly identify who is the best. When you compare your internal candidate to the world of talent out there, it can be a very difficult decision. A formal search process will provide the answers you need to make your decision with confidence.

# Forming a Search Committee

Selecting a new CEO can take up to a year in some cases, so your search committee should be available to perform the necessary steps of the process and be able to be present during the interview process.

Your search committee represents the entire Board during the process. It's recommended that you have three or more Board members involved and appoint a Chair to lead the group. This person will ultimately be the point person interacting with the search firm you hire. Having diverse backgrounds on the committee—such as individuals from human resources, IT, finance, etc.—also helps find a well-rounded candidate and has multiple disciplines within the institution accounted for.



## SEARCH COMMITTEE MUST-HAVES FOR A SUCCESSFUL CEO SEARCH

- » Synergy
- » Availability
- » Trust in each other
- » Trust in the search process
- » Diversity in backgrounds
- » A Chair to steer discussions
- » A consensus before bringing in a consultant

## BOARD PERSPECTIVES



### FirstCity Credit Union (FCCU)\*

Los Angeles County, CA

Assets approaching \$1B

The impending retirement of FCCU's CEO triggered the start of the search process for Director Marisa Lopez and others on the Board. Though they only had six months' notice and big shoes to fill, the Board did have the benefit of having one Director who had been involved in the previous CEO search. Leaning on his experience and recommendations, they hired a third-party search firm to guide the process to find a qualified individual who was forward-thinking, member-centric, data-driven, growth-focused and collaborative.

They had a tough decision, as five of the final candidates checked all of the boxes. Two were flown in for on-site interviews, and afterward the Board was so torn, they took an extra three days to review the candidates. Finally, an anonymous vote provided a decision on their next CEO.

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*“Acquiring a search firm was absolutely necessary. A search firm can provide a slate of candidates with the right mix of knowledge, skill and ability.”*

\*Executive search performed by Shanley Search Partners

# Choosing a Search Firm

Any Board member who has performed an executive search in the past can tell you that hiring an outside consultant to run the project is absolutely essential. Selecting a CEO is the most important decision a Board can make, and the value an expert brings to the table can ensure long-term success.

If you already have a shortlist of vetted search firms established in your succession plan, you're ready to make some calls. But if you don't have anyone on deck, you'll need to do some legwork. Reach out to other credit union Board members who have hired successful CEOs in the past 5-10 years to get recommendations.

When vetting firms, you're looking for the team that will best help your credit union. Your hiring Board should feel both comfortable with and confident in whoever you choose—it's a partnership, and trust is key.

Once you have made your selection, the search firm will take the lead and start you on the road to finding your next CEO.

*"No problem can be solved until it is reduced to some simple form. The changing of a vague difficulty into a specific, concrete form is a very essential element in thinking."*

— J.P. Morgan

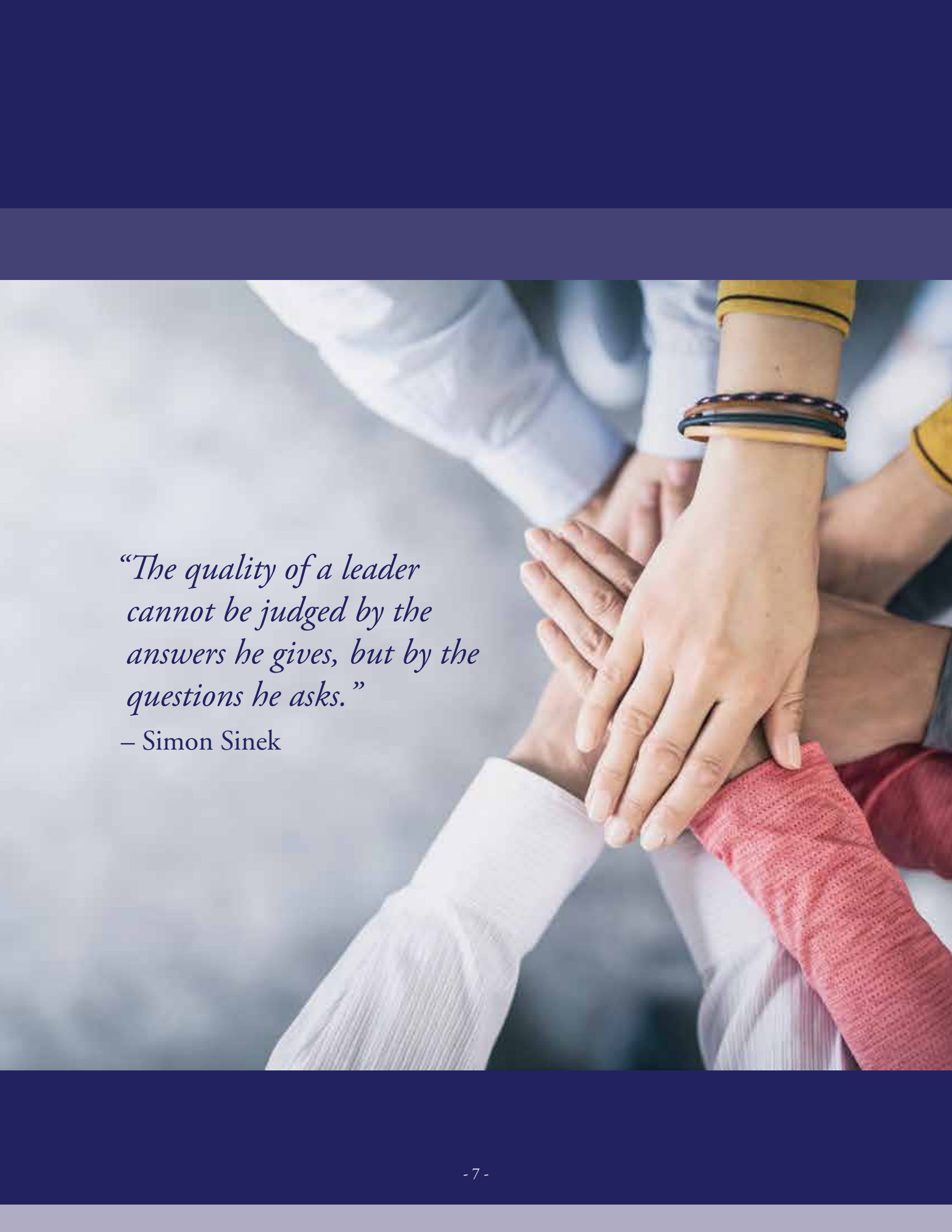
## SEARCH FIRM CHECKLIST

**Look for these qualities when you're deciding which consultants to hire:**

- » Direct and extensive experience in credit union executive placement
- » Insight into current hiring trends
- » Exceptional communication
- » A thorough process with proven results
- » Multiple references from credit union Boards
- » A network of high-quality candidates
- » Commitment to the partnership
- » A history of successful C-level placements

## QUESTIONS TO ASK A SEARCH PARTNER

1. What specific experience do you have in hiring credit union executives?
2. What is your applicant vetting process?
3. What can we expect from your search process?
4. What type of guarantee do you offer?
5. How do you go the extra mile for your clients?
6. Who is going to lead the project?
7. Do you have experience working in our geographic area and asset group?



*“The quality of a leader  
cannot be judged by the  
answers he gives, but by the  
questions he asks.”*

– Simon Sinek

# Beginning the Process

Different consultants have their own unique processes, but a common thread is that they should all be available to hold the Board's hands through every step of the process—from gathering information and setting up interviews to methodically evaluating finalists. It's what you hired them to do!

Shanley Search Partners founder Charles Shanley says success is all in the planning. In addition to a thorough executive search proposal, including a detailed timeline, he goes through an extensive discovery process that includes a confidential survey to be completed by each Board member, as well as an on-site visit—essential to learning about the credit union's culture and what attributes the Board is looking for in their next CEO. Additionally, Shanley provides the Board with compensation data (using a balance of surveys and his company's own data, ensuring they're up to date with current trends). They also have competency driven, formula-based scoring spreadsheets, candidate projects, personality testing and recorded candidate video interviews to assist with the process.

With a firm grasp of what the credit union is looking for, Shanley returns to his network of more the 85,000 professionals to start narrowing down candidates using his proprietary process and tools.

## THE IMPORTANCE OF HIRING RIGHT THE FIRST TIME

The actual cost of a bad hire not only includes monetary loss, but also damage to the workplace reputation and culture, plus decreased productivity and morale. A search firm will greatly minimize this risk.

Replacing an executive-level employee can cost up to

**213%**  
of their annual salary.

Source: Center for America Progress [survey](#)



***Q: Should a Board be looking outside of the credit union industry for potential candidates?***

**A:** A Board should consider keeping its options open. Fintech partners and even bankers can be good candidates if they fully embrace the philosophy of credit unions and have a vision for the future.





## BOARD PERSPECTIVES



### **Aurora Federal Credit Union (AFCU)\***

Aurora, CO

**\$130 million in assets**

When the CEO of 30+ years gave a shorter-than-expected notice, Director Mark Stephenson knew the Board was on an extremely compressed timeline to find a replacement. The search firm's lead flew in immediately, and to establish the rapport usually built over weeks of conversations, the initial meeting took place over dinner at Stephenson's house with the rest of the Board.

A search quickly began for a new CEO who possessed a financial background, believed in employee growth, understood the importance of marketing, and recognized the needs of all of the credit union's stakeholders. AFCU also wanted someone with a sense of community, environmental scanning ability and the willingness to try new things. With two internal candidates and other finalists from the national search, Stephenson credits the Board's synergy and trust, and the search firm's committed partnership, for the success of the fast-tracked project.

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*"It's a fool's path to go it alone—you don't know the nuances that a professional search partner does. You really need someone with insight and discipline for this kind of a search."*

\*Executive search performed by Shanley Search Partners

# Making the Big Decision

As you near the end of the search process, you'll need to really zero in on who possesses the core competencies you originally set out to find, as well as the soft skills and personality to fit in with the credit union's culture and mission.

Credit union Boards usually look for the following qualities in their CEO candidates:

- Vision
- Strategy
- Cultural-fit
- Adaptability
- Community & industry involvement
- Emotional intelligence
- DEI-oriented
- Team-builder
- Results-driven
- Leadership

Once the entire Board of Directors has met and interviewed the finalists, there is usually a consensus about who the top choice is. If the Board is split, however, your search firm should be able to help you focus on the core competencies desired using the data, personality profile and experience gathered on the candidates during the process. Sometimes, all things being equal, it comes down to a collective 'gut feeling.'

## CEO BENEFITS PACKAGE

Aside from annual salary and bonuses, consider what else will be part of your offer. Today's benefit packages for credit union CEOs often include:

- » Paid health benefit premiums
- » Ample vacation time
- » Supplemental executive retirement plan (SERP)
- » Car allowance
- » Country club membership
- » Paid professional education & development
- » Spousal travel to conferences





# After the Hire

Relief sets in once a new CEO is finally hired, but in reality, that's just the beginning. Onboarding the new hire is a crucial step for the Board to take, and it's where things often fall apart if not done thoroughly. While a third-party consultant in this area can help with the process, the Board should always send out a press release announcing the news and set clear, detailed expectations and goals for the new CEO.

*By letting a professional search partner guide you through the process, transitioning to a new CEO can be a smooth endeavor for a Board of Directors, culminating in the hiring of an individual who embodies the unique qualities necessary to lead your credit union forward.*



**AmeriCU Credit Union\***  
Central & Northern NY  
**\$2.4B in assets**

With over a year to prepare for their CEO's retirement, Search Chair Nick Fabrizio knew the Board had time on its side and didn't have to rush any decisions. And as a former healthcare consultant for executive searches, Fabrizio knew firsthand that they needed a professional to lead the process. After choosing the best person for that job, a national search began for a qualified individual who first and foremost would empower the C-suite to better communicate with the Board to foster a team approach. That person also needed to be a team-player, as well as appreciate (and add to) the credit union's already great culture.

The search partner presented the Board with a prospectus on each of the 15-20 initially screened candidates, which helped them quickly narrow the field down to about five. Due to COVID-19 challenges, AmeriCU could not invite anyone for an in-person interview with the Board; video conferencing was the only option at the time. Not being able to meet the finalists or notice nuances and social cues in person produced some anxiety among the Board, but a confident decision was eventually made.

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*“Always bring in outside help to validate the process and build in objectivity. You can't do the process justice internally.”*

\*Executive search performed by Shanley Search Partners

## ABOUT SHANLEY SEARCH PARTNERS

Shanley Search Partners is a nationwide financial services consulting and strategic advisory firm that specializes in Executive Search, Recruitment and Leadership Development for Credit Unions, Banking and Fintech. We put our experience to work for you, successfully placing top-performing candidates, from managers to executives and C-Level. We have extensive experience working with Boards on the executive placement of their next CEO and can also help with both retained and contingency search, internal candidate evaluations, direct placement, project staffing and contract-to-hire scenarios. WE FIND THE PERFECT FIT!

