LEADERS OF THE PACK

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WITH BABY BOOMERS ON THE CUSP OF RETIREMENT, THE SEARCH FOR TOMORROW'S CREDIT UNION LEADERS PROMISES TO BE CHALLENGING, WITH THE POSSIBILITY THAT THE VERY EXISTENCE OF THE CEO POSITION COULD UNDERGO REINVENTION.

BY ALEXANDRA SAMUR

Bill Kiss and Jeff Shewfelt of **G&F Financial Group** (32,000 members, $2.1 billion in assets) sit side-by-side on a couch in what was once supposed to be the office of the CEO. The understated meeting room overlooks a towering construction site — the company's brand new head office in Burnaby, BC. Doubling the footprint of G&F's headquarters, boosting it to 2,790 square metres, the new head office symbolizes the company's impressive growth under Shewfelt's and Kiss's direction. In the past seven years, under their joint leadership, the credit union's assets doubled to $2 billion from $1 billion as has its number of branches, all 16 of which are located in Metro Vancouver.

Interestingly, becoming co-heads of G&F was never part of the credit union's succession plan. When it came time for the board to recruit a new CEO, the job was posted and the credit union undertook a nationwide search. While that was underway, Kiss, who was previously the organization's CFO, was named interim CEO. Kiss had worked closely with Shewfelt, who was an expert on the sales and administrative side, for more than 15 years under the credit union's two previous CEOs. Therefore, it seemed only natural to Kiss that the two should combine their complementary areas of expertise and share the interim position. From the start, the synergy was apparent; the pair soon approached the board about making the double-CEO arrangement permanent, receiving its blessing.

Credit unions like G&F have faced, or are facing, tough challenges recruiting new top leaders. Why? Executives are often drawn from the more senior cohort of the workforce, once they've received years of training and experience and developed the relationships necessary for the C-suite. Baby boomers currently make up the bulk of this class but are readying for retirement en masse. With a flourishing economy, this puts even middling leaders, who may not have the experience or host of skills needed, in demand. Some pundits predict that the boomer retirement wave will create a leadership vacuum, allowing executives to request higher salaries. With fewer leaders to go around, this makes the challenge of CEO recruitment for smaller credit unions even more worrisome. Executive recruitment, now and in the future, will require ever more flexibility and ingenuity when it comes to succession planning.

G&F showed such flexibility by, in its case, making the CEO position a permanent team effort. "If an external person comes in, you see a lot of disruption in the team; a lot of them leave," Shewfelt says, recounting the conversation he and Kiss had with the board about both stepping up as co-CEOs: "If you believe in the culture

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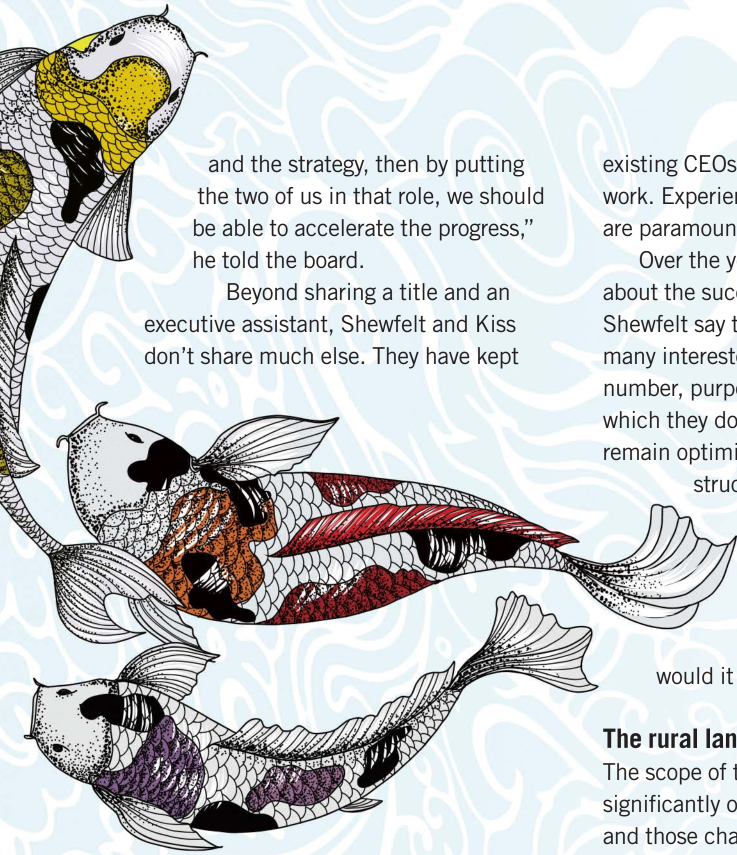

and the strategy, then by putting the two of us in that role, we should be able to accelerate the progress," he told the board.

Beyond sharing a title and an executive assistant, Shewfelt and Kiss don't share much else. They have kept their old offices and have different salaries. Counter intuitive as it may seem, Kiss and Shewfelt attribute the success of the arrangement to their differences and disagreements. "The real strength is that we have two different personalities, two different mindsets," Kiss says. "We agree on where strategically we need to get to but we think we should take different paths to get there. So that's the value in the conversation that we have."

Still, there's a lot that can go wrong when two become one. There are numerous examples where the dual-CEO system has fallen apart, as blowouts at Blackberry, Chipotle, Whole Foods and Deutsche Bank can attest. And though it works well for them, Kiss and Shewfelt are cautious about recommending the model. For one, timing and circumstances are key; testing the leadership model during a merger and forcing two existing CEOs together is unlikely to work. Experience and trust, of course, are paramount.

Over the years, word has spread about the success at G&F; Kiss and Shewfelt say they have spoken with many interested credit unions — a number, purportedly in the double digits, which they do not want to disclose. They remain optimistic that for some the structure may be the perfect solution in making a big job more manageable. "If a cooperative leadership model can't work here, where the heck would it work?" Kiss asks.

The rural landscape

The scope of the CEO role has changed significantly over the past few decades and those changes have accelerated with increased regulatory oversight and the digital disruption overtaking the financial services industry. Certainly the role has become complex, obliging incumbents to have, or otherwise procure, increasingly specialized skillsets while often outsourcing them. As a result, the CEO position "is now very much about being a facilitator, a consensus builder," says Kim Andres, a consultant who has worked with credit unions for more than 30 years. "The breadth of responsibilities that you have as a CEO today requires that you have a lot of specialists on your executive team and you might not be that specialist yourself," Andres says.

Heidi Schofer, president of the board of directors at **Horizon Credit Union** (5,197 members, $263 million in assets) in Melville, Sask. agrees. "Looking at the list of reports that the CEO was responsible for 10 years ago and what they're responsible for now — it's almost tripled," Schofer says.

The evolving job of the CEO has impacted credit unions in smaller communities like Melville. In organizations with fewer staff, the CEO role can involve more operational responsibilities. It can also result in CEOs taking greater responsibility for the development of vision and mission statements as well as long-term corporate strategies, particularly in circumstances where board members may lack in the necessary size, expertise or experience.

The long list of qualifications presents additional challenges for credit unions in rural or remote areas trying to attract a qualified CEO. Schofer recalls previous

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efforts to recruit external candidates, which ended in the candidates withdrawing from the process after learning Melville had a population of just over 4,500. "While some candidates were very much interested in being the CEO of a credit union with small-scale assets, they were really not interested in living in small-town Saskatchewan," Schofer says.

Though Schofer and her board eventually did find the right internal candidate to become their new CEO — Larry Yeadon — for many credit unions with smaller pools of employees to choose from, it's rare to find that the perfect candidate just down the hall. As a result, promoting an internal candidate with an unproven track record as CEO is common but not always ideal.

From outsider to insider

When an organization feels it needs a new fresh voice and perspective, an external candidate can provide that. However, regardless of the type of organization, research shows that "cultural fit" can make or break a hiring decision. A 2016 study by Cubiks Netherlands, a human resources consultancy, found that, on average, nine out of 10 recruiters passed over applicants who weren't the right cultural fit.

Finding the right corporate culture was a priority for Launi Skinner while she was a CEO candidate. The former president of 1-800-Got-Junk and Starbucks US, Skinner was recruited to helm **First West Credit Union** (247,000 members, $10 billion in assets) just four months after the organization became a legal entity in 2010 following a merger. Skinner believes part of the success of the amalgamation between Envision Financial and Valley First Credit Union that created First West is the result of similarities in culture. It was this culture that ultimately attracted Skinner to join the credit union.

It's widely acknowledged that the best leaders influence culture through their leadership. Starting a company-wide conversation to articulate First West's culture was an important first step when Skinner joined the organization nine years ago. With multiple brands and a network of 52 branches in regions across southern British Columbia, Skinner and her team spent more than half a year on a journey to ask credit union staff how they wanted to articulate First West's culture and the differences and similarities with that culture in each region. "A big piece of being a CEO is developing the strategy," Skinner says. "Equally important is having a healthy organization: that's the culture, that's the people."

Forging future CEOs

"CEOs are not born, they are forged," Chris Catliff , the top executive at **BlueShore Financial** (46,186 members, $5.6 billion in assets), recently wrote in *The Globe and Mail* in a column discussing leadership success. Catliff attributes the success of his North Vancouver-based credit union to the organization's culture, one that appeals to millennial workers. "We have the millennials joining at the branch level and then working their way up. We're seeing a really strong career path within our organization," Catliff says.

This may bode well for future BlueShore CEOs. Research on millennial leadership by WorkplaceTrends.com shows more than 90 percent of millennials — those born between 1981 and 1996 — aspire to executive positions. In theory, there should be a surfeit of candidates to replace Catliff when the time comes. However, other studies show a majority of that generation are not comfortable in taking up the hierarchical leadership styles currently in place, with more than a third of millennials saying that they believe that "the CEO role will no longer be relevant in its current format" within 10 years, a 2017 report, titled *Redefining the C-Suite: Business the Millennial Way*, stated.

So, while it appears millennials are willing to take on executive roles, the nature of those roles — and perhaps the very existence and scope of C-suite positions themselves — will need to be rethought and redefined to sustain millennial interest in leadership. Those efforts need to start now. As Andy Warhol noted: "They always say time changes things but you actually have to change them yourself."