

SUCCESSION POLICY

RATIONALE

A credit union should plan for the possibility that it may need to replace its CEO. A plan for succession should not be perceived as anticipated change but only as preparation for change, if and when it is necessary. A plan for succession is in the best interests of the Credit Union, seeking only to provide continuity of leadership for the Board and staff.

The plan is intended to give comfort and confidence to the staff, demonstrating that change would be carefully planned and clearly communicated by the Board of Directors. It would provide existing management the opportunity to prepare for the change and for upward mobility. The plan is a sincere effort on the part of the Board of Directors to avoid the sometimes emotional and destructive nature of a major management change by making the staff and Board a part of a constructive participatory process.

PURPOSE

The purpose of this plan is to establish direction for the Board of Directors and management staff for the events that should take place in a change of the chief executive officer (CEO).

RESOURCES

The succession plan should rely significantly on the existing staff as its principal source of qualified candidates for the CEO's and other management's positions. Other sources of candidates are private referrals, from sister credit unions and credit union organizations, public advertising and executive talent search firms.

STRUCTURE

The Chairman shall appoint a "succession committee" upon determining that there will be a change. The committee will determine what resources will be used for finding the best candidates, it will review carefully the qualifications of those applying for the position and recommend the most qualified to the Board of Directors. The following are some of the qualifications to be considered by the committee:

1. Experience
2. Credit union philosophy
3. Management skills
4. Communication skills
5. People skills (employees and members)
6. Technical skills
7. Plan for leading the credit union into the future
8. Contract and salary

The committee shall give special consideration to the existing management staff and any recommendations from the outgoing CEO in an effort to promote from within, where possible. Furthermore, if no viable candidates exist within the organization, efforts shall be made to avoid the potentially demoralizing practice of appointing an "acting" individual while a "better" candidate is sought.

ACTION

The CEO will annually provide the Chairman of Board with a verbal succession report. The report will provide the chairman with the necessary data to determine the position of the Credit Union in the event of a change. This report shall remain confidential to avoid any misunderstandings and to allow for a continuing review of the succession process. Change in the abilities of individuals will occur. The intent is to keep the Board's options open while not offending anyone by taking a firm position.

SUMMARY

The intent of this plan is to avoid the potential turmoil that a change in top management can bring. It has been the philosophy of our Credit Union to be concerned about people ... members, directors, committee members and staff, since these are our greatest assets. The Credit Union deserves the best quality management necessary to maintain the level of service and the family feeling expected by both the members and employees.

