

## Seeking Qualified Candidates

**It is good for the credit union to promote from within when qualified candidates are available.**

Once a president/CEO has resigned or no longer holds the position, interested candidates will apply. One or more candidates for the position may be found within the credit union. It is good for the credit union to promote from within when qualified candidates are available. Potential candidates within the credit union should be told they will be given an equal opportunity to present their qualifications for the position.

Candidates may be sought by the board from outside the credit union. Contacts with the local chapter, league, and CUNA will bring more candidates to the selection committee. The board is ultimately responsible for hiring the most competent executive within its budget.

### Interim Executive

When notified of the need to hire a new CEO, directors should not act hastily. An interim, “acting” executive can be named while an action plan is developed. The CEO’s job description should be reviewed for accuracy, qualifications listed, interview questions prepared, and selection procedures determined.

### Timetable

It is a good idea to establish and follow an action plan. Here’s a sample of an action timetable:

- |   |             |
|---|-------------|
| 1. Review/develop CEO’s position description.                           | October 1   |
| 2. Obtain board approval of description.                                | October 10  |
| 3. Run ads in local paper, league newsletter, or national publications. | October 15  |
| 4. Review applications and résumés.                                     | November 15 |
| 5. Select candidates for interviews.                                    | December 1  |
| 6. Conduct preliminary interviews.                                      | December 10 |
| 7. Conduct final interviews.  | December 15 |
| 8. Select CEO.  | December 20 |

The process can be more compact or it can be extended, depending on the time constraints and qualifications of the acting executive or department heads within the credit union. If the board employs a search firm, it must add time on the front end of the schedule to evaluate and select a consultant; then it may work with the search firm to complete the rest of the schedule.

Candidates will want to know when a decision will be made. The successful candidate will normally have to give a 30- to 60-day notice to his or her current employer. If a move from one city to another is required, time for relocation will be necessary.

### The Board Candidate

On occasion, a board member may become a candidate for the president/CEO’s position. Policies should be adopted in advance to handle this situation. Some credit union bylaws state that a candidate cannot have served on the board for two years prior to applying for the president/CEO position.

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**Professional Assistance**

When you run advertisements in newspapers and publications, be prepared for a large number of applications. With bank mergers, former bank executives and department managers are also seeking positions. Talented department heads in large credit unions and managers of small credit unions are seeking advancement. Be prepared to handle the volume, screen the applicants, and make a selection.

Some boards of directors use professional search firms, sometimes known as headhunters. If you decide to use outside assistance, contact your state league. They can recommend firms with knowledge of credit unions, their philosophy, and their special needs. Several firms are managed by former credit union board members and executives. Fees vary depending on the assignment and the number of candidates involved. Discuss fees in advance and obtain a contract for services.

**Advertising**

Advertising for the position should include enough detailed description to

screen out unqualified candidates. If five years' experience as a manager is your minimum requirement, list it. If you want a college graduate, clearly state "bachelor's degree in business required."

Avoid any references to age, sex, or other prohibited classifications. To cover all bases, state "Equal Opportunity Employer." This statement indicates to a prospective candidate that the credit union policies prohibit discrimination in recruitment, hiring, assignment, promotion, wages, transfer, training, vacation, fringe benefits, and other terms and conditions of employment. The candidate will not be excluded on the basis of sex, class, age, race, color, religion, handicap, marital status, ancestry, national origin, economic status, physical appearance, sexual orientation, or political belief. These provisions are outlined in the Equal Employment Opportunity Act and various titles of the Civil Rights Act. For detailed information on equal employment laws and regulations, refer to the Director's Handbook for Credit Union Regulations (see the Resources section).

**Figure 3.1**

**Help Wanted:  
CEO  
Recruiting Ad**

**CAREER**

**CHIEF EXECUTIVE OFFICER**

For You Credit Union (\$210M) invites applications for the Chief Executive Officer position. FYCU is in search of a dedicated executive with a philosophy of "people helping people" and the ability to communicate those beliefs in a meaningful way to the members and the community. FYCU is located in Urban, USA which is a progressive cosmopolitan city as well as a highly competitive marketplace for financial institutions. Candidates interested in this exceptional opportunity should be innovative, strategic thinkers, have excellent interpersonal and communication skills, and have a high degree of integrity. A master's degree in business, finance, or related field plus a minimum of 10 years' relevant experience are required. Equal Opportunity Employer.



**Figure 3.2****Help Wanted:  
President/CEO  
Recruiting Ad****CAREER****PRESIDENT/CEO**

Progressive \$57 million federal credit union is seeking individual to succeed retiring president/CEO. Must have proven leadership history with strong operational skills and verifiable record of successful financial management, including asset-liability and budget management. This individual must be forward-thinking and excel in personnel management, communications, problem solving, and organizational skills. The position requires a strong commitment to a planning process for future growth and success of the credit union, with a good understanding of credit union philosophy. College degree in finance or business management required. Excellent salary and benefits package. Send resume to: Search Committee, PO Box 555, Suburban, USA. Include salary history and expectations, also business and personal references. We are an Equal Opportunity Employer.



Sample advertisements from *Credit Union Magazine* and newspapers are shown in figures 3.1 and 3.2 for your reference.

**Screening the Candidates**

A committee of the board of directors is usually selected to screen the applicants. Previously determined criteria—credit union experience, educational background, accounting degree—could be used as minimum requirements to qualify for an initial interview. It would be difficult for the screening committee to interview all candidates.

**Interview Sequence**

The screening or selection committee may schedule a series of interviews with the candidates.

**Initial Interview**

After the applications have been screened and the résumés reviewed, the selection committee arranges for initial interviews with the remaining candi-

dates. The purpose of this interview is to obtain more information about the candidates' qualifications and to assess character.

At the interview stage, the committee must be careful to prepare and follow an outline of questions to be asked and topics to be discussed with each candidate. The interview process must be fair, objective, and uniformly conducted for all candidates. It must be job-related in all aspects.

**Second Interview**

After some candidates have been eliminated based on the preliminary interview, a group of finalists is selected to meet with the committee for more intensive questioning. In this interview the committee needs to determine the problem solving and communications abilities of the candidates. Asking open-ended questions works best during this interview. The process must be job-related, fair, objective, and uniformly conducted for all candidates.

**When designing its questions, the selection committee should list answers that it feels represent the type of executive it would like to hire.**

### Third Interview

Two or three finalists should be selected to meet with the entire board of directors, or with the selection committee if it has been given the authority to make a final selection.

The interviewer would repeat some of the questions used in the second interview to determine if the candidate's answers are consistent. More questions relating to board/CEO relations would be used in this interview. The basic rules of the selection procedure continue to apply.

### Questions

Each candidate for the CEO's position will need to respond to a series of open-ended questions, written in advance, that address whatever skills the board is seeking.

If a strong personnel administrator is needed, the following types of questions could be used:

- A loan officer comes to work late on a regular basis, but is an excellent worker when she is at the credit union. How would you handle this situation?
- Our labor market is very competitive, and we have a hard time recruiting and retaining tellers. How would you work with the human resources department to improve efforts in that area?
- The need to promote from within has been identified as a priority in recent employee surveys. How would you respond to that issue?
- The credit union needs a new incentives program to support the sales culture now in development. What kinds of incentives do you

think are most effective in promoting cross-selling and high-quality member service?

These types of questions give the board an opportunity to measure personnel management skills, sensitivity, and sound business judgment. The candidates cannot give "yes" and "no" answers when such questions are used.

To determine whether there is a good board/CEO match, the board might ask the following types of questions:

- What do you find attractive about this position?
- What features about this credit union position are not attractive?
- How would you describe your work habits?
- What is the greatest influence on your current work habits?
- How do you measure your success? Your failures?
- What motivates you?
- What tends to discourage you?
- For what kind of board do you like to work?

Some types of employment application questions are inappropriate and could lead to claims of discrimination. Samples of "loaded questions" that could lead to legal problems are:

- Questions related to age or date of birth—you could encounter possible age discrimination;
- Questions related to arrest record—arrest doesn't indicate guilt;
- Questions concerning marital status or children—this information is not job-related and can impact women more than men;

- Questions concerning national origin or citizenship—this is irrelevant during interviewing and hiring. Specific paperwork satisfies the Immigration Reform and Control Act requirements;
- Questions concerning personal finances;
- Questions concerning appearance or requiring photographs;
- Questions concerning health or handicaps—in general, questions about health are not closely related to a white-collar job; and
- Questions about a spouse. These questions focus on marital status. Concerns about nepotism must be handled differently and should be narrowed only to situations where one spouse would directly supervise the other.

### Answers

When designing its questions, the selection committee should list answers that it feels represent the type of executive it would like to hire. If the candidate answers the question, “What motivates you?” with “Money,” you may ask if there are other factors as well.

If the candidate answers the question, “What kind of things discourage you?” with “Long hours, poor pay, and an interfering board of directors,” you should ask for clarification. Play back the words: “Long hours, poor pay, and interfering board.” By just using the words, the committee has a better chance of clarifying what is meant. If you say, “What do you mean by poor pay?” the candidate may be put on the defensive.

### Additional Screening Tools

Because the president/CEO has tremendous impact on the success of the organization, each hiring decision is critical. A recent study published by the Filene Research Institute finds that nearly all credit unions use prior work experience as a factor in hiring executive staff, but only a few use seniority.

Prior performance is a prominent factor in promotion decisions. We often hear that the best predictor of future performance is past performance. To find out what someone *will* do, find out what they *have* done. The Filene study cites past performance as a moderate predictor of future job performance in the promoted job. A majority of credit unions use this information when making hiring decisions. But many traditional selection tools (including prior experience) often are not relevant predictors, according to the study. The new job may be so dissimilar from the candidate’s prior experience that this information is not predictive of how the individual will behave in new settings.

Assessment centers are another tool for evaluating a candidate’s potential, and a number of companies now use this method. The assessment center is a hybrid of other selection methods, often including intelligence tests, interviews, and personality tests. Assessment centers include some unique elements, including in-basket exercises, leaderless group discussions, role-plays, and management simulations and analysis.

The in-basket is often the centerpiece of the assessment center. It consists of a packet of information

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(memos, letters, phone messages, and such) reflecting the demands of the new job, to which the candidate responds. These responses are used to assess the person's communication skills, organization, ability to delegate, decisiveness, planning, initiative, and tolerance for stress.

Since executive selection is critical, the board may use additional selection tools to assist in this important decision. Structured interviews, personality tests, and cognitive ability tests are valid predictors of managerial performance. Using at least *three* or *four* of these selection tools makes hiring a successful manager more likely.

### **Additional Questions**

Because community involvement is an important aspect of the credit union's identity and character, you may need information about the candidate's willingness to carry out this

aspect of the position.

You do not want to invade a candidate's privacy by asking about personal associations; however, you can ask about the candidate's response to putting in extra time and energy among certain community groups the board has identified as being important to the credit union.

You can ask whether a past employer had a similar focus. You can describe group involvement of the previous CEO and begin to discuss expectations of the board.

You also can ask questions about the candidate's attitudes toward employer support for professional development of staff through in-house training and educational assistance.

If you have requirements for continuing education, state them and get the candidates' responses.

If an issue is not relevant, don't ask about it.