
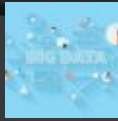


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Does your bank still have the right board?

Times change—so may your leadership needs

March 01, 2013 | By [Debra Lins](#) | Comments: [0 Comments](#)



When you started your bank you had a clear direction, and brought on board members who also shared that vision. Today, do you sometimes ask yourself, "Have I changed? Or has my board changed?"



Or, have you just been made the chief leader of your organization and have an established board in place that you may or may not see as the ideal people to support your bank going forward? Yet, you ask yourself, so long as they are

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Over time, have you questioned if you still have the right board in place?

All of these are legitimate questions for a CEO to ask. Organizations are living and breathing beings that change over time, and thus your board of directors may not fit your organization any more. Families' car needs changes as kids come along or leave home, empty nester's need less space, etc.--it's part of being human.

What next?

"What should I do?" is your next question when you've asked any of the questions above first.

Before you do anything, be sure that you know what qualities make for an outstanding community bank director, and be clear on your expectations, so you can share these expectations with both your existing and new prospective board members.

As a past community bank CEO/President, and organizer of a de novo, I would like to share some of the important and distinctive expectations I had for directors. All were equally important, yet, I knew, not seen in the same proportions in every director.

1. Time commitment : A director is expected to attend and be prepared to participate in scheduled board meetings and committee appointments.

Insure they are interested in the committee topic/area to get the greatest value.

2. Share business expertise: A director should be selected because of the business field or geographic area they represent and in which they have achieved success.

Make sure your community make up is also represented on your bank board--a homogenous board can make for stagnation over time.

3. Community involvement: A director is an extension and ambassador of your bank.

If you expect a director to have visibility and involvement in the community for your bank let them know that up front and provide a guide for what is appropriate.

4. Business: A director is expected to do business with your company and subsidiaries. This insures input into new products and services and that they can speak to your customers/prospects, not just as an advisor, but as a referring, happy customer.

5. Capital: Each director should be required to own stock in the company and to have pride in ownership. As the saying goes, "Put your money where your

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mouth is."

Today this is more important than ever, as we are required to recapitalize our organizations.

However, one warning: Never choose a board member solely on his or her ownership level!

6. Referrals: Growth comes from doing business with people we like and trust. Directors are a true referral source and their referrals provide growth and continued prosperity for the bank.

7. Integrity: A director needs to display integrity at all times, and hold fast to the rules of confidentiality.

8. Business philosophy: A director should be expected to embrace and embody the philosophy and beliefs under which your financial institution is organized.

Trimming and shaping

Any director who lacks too many of the points above may no longer be a good fit, even if they wish to stick around.

So, the time may come to part ways.

Against that day, it is advisable to have a list of active candidates, and a great practice is to review this list from time to time with your Executive Board Committee. Changes may have occurred in a prospective director candidate's life, or the bank's needs may have changed and you need to update the list with a new need for expertise to round out your already great board.

A second recommendation to insure you have the right board in place, is to have an annual review process of the board. I always did this in the fall of the year so we would start the next year out right.

I found self-evaluation very relevant. Have each director do a "scorecard" of themselves as a collective board anonymously, and as an individual board member. Then tally up the weighted collective scorecard to share at a future board meeting - you will be surprised at the discussion.

Don't leave out the personal dimension

As the CEO/President take the opportunity to meet with each of your directors one-on-one to go over their individual scorecard.

This is the time for both parties to share how they feel, and the time to consider whether changes are needed, and if expectations are being met.

Some of these will be easy meetings and others very tough . . .

But ultimately it's the good of the bank that must prevail. Remember: It is all about having the right people on the bus--*starting with your board of directors.*

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Debra Lins

Debra Lins, a frequent book reviewer for ababj.com, is CEO and president, Lins Business Consulting. Lins is a veteran community banker and a former member of the ABA's Community Bankers Council. She has also written for ABABJ.com's Boardroom and UNconventional Wisdom guest blogs. Lins is a Governor's appointee to the Wisconsin Department of Financial Institutions Banking Review Board.

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