International Co-operative Governance Symposium
Competency-Based Assessments
September 2013
1. Understand how to determine the appropriate skills and competencies for your governance environment and engage board members in the change process

2. Design a sample competency matrix and review tips for customizing a skills-based assessment to the needs of an organization

3. Understand how to assess governance performance including a skills and competencies approach that is non-biased

4. Understand how to anticipate and measure the positive impact that governance performance can have on your organization
Methodology

- Leadership
- Achievement
- Assessment
- Development
- Recruitment

Stakeholder Value
## Methodology

<table>
<thead>
<tr>
<th>The Passive Board</th>
<th>The Certifying Board</th>
<th>The Engaged Board</th>
<th>The Intervening Board</th>
<th>The Operating Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Functions at the discretion of the CEO</td>
<td>• Certifies to shareholders that CEO is doing what Board expects</td>
<td>• Partners with CEO to provide insight, advice, and support to CEO on key decisions and implementation</td>
<td>• Typical mode during a crisis situation when the Board becomes intensely involved in discussions of key decisions facing the organization</td>
<td>• Board makes key decisions, Management implements</td>
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<tr>
<td>• Offers limited activity and participation</td>
<td>• Emphasizes independence of Directors</td>
<td>• Recognizes responsibility to oversee CEO and corporate performance</td>
<td>• Intense Board meetings called on short notice</td>
<td>• Not uncommon in start-up situations</td>
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<tr>
<td>• Has limited accountability</td>
<td>• Stays informed as to performance</td>
<td>• Two way discussion on key issues and decisions</td>
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<tr>
<td>• Ratifies Management preferences</td>
<td>• Establishes orderly succession processes</td>
<td>• Time spent defining roles and behaviours required to enhance contributions</td>
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</tbody>
</table>

*Source: David Nadler, Beverly Behan and Mark Nadler, “Building Better Boards a Blueprint For Effective Governance” (Wiley, 2005)*
Board Leadership

• Clearly articulated rationale
• Board member buy-in
• Board champion
Competency Matrix

• Tool for deliberate discussion
• Ties competencies to the vision/mission
• Used for assessment, recruitment and development
• Includes:
  – Experience
  – Expertise
  – Personal characteristics
  – Definitions
Skills and Competencies

• Consistent with fiduciary, regulatory and strategic objectives

• A range of levels:
  – Basic
  – Good
  – Strong
  – Expert

• Gaps are used to inform recruitment and development activities
Governance Assessments

- Activity-based
- Results-based
- Competency-based

Insights Generated

- Based on competencies
- Gaps to be filled
- Plans for how best to fill the gaps
Process

- Self-assessment – 4 point scale
- Third-party interview – 12 point scale
- Consistent approach across directors
- Discussion about personal contributions and “value” from skills and competencies
Sample Credit Union Attributes

- Leadership
- Board and CEO Performance Management
- Regulatory Environment
- Credit Union Operations
- Financial Literacy
- Strategic Planning
- Governance and Ethics
- Risk Management Oversight
- Audit and Compliance Oversight
Recruitment and Elections

• Responsibility to inform voters of the competencies that will drive value
• Recruit and nominate against the required skills and competencies
• Education and development plan for each director and the board overall
Role of the Governance Committee

- Reviews the inventory of skills
- Considers director succession issues
- Identifies competencies for focus during recruitment
- Board approval
- Nominating Committee
- Endorsement (or not) of candidates
Director and Board Development

- Matrix results identifies the gaps
- Development responds to the gaps and the results of recruitment
- Measureable outcomes
- Continuous improvement
- Succession
Achievements

• The board is “engaged” in the strategies of the organization’ clear lines can be drawn between the discussion of the board and the strategic outcomes of the organization

• The board has the competencies to focus on substantive issues
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Stakeholder Value
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Partnering with Canada’s Credit Unions

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