

## **Institutionalize Leadership Development**

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It is a constant challenge to build the leadership capabilities in any credit union -- or any organization for that matter. The typical approach is to send managers to different training events throughout the year expecting and hoping they will learn how to be better managers and leaders. After these training events, managers return to their credit union with some new skills, tools, and insights -- but in all probability, revert back to previous habits. Why is this?

The primary reason is that the systems and culture of the credit union remain the same as they were before the management training. The environment does not reinforce the new behaviors but tempts old habits. So, what do you do to make sure your credit union promotes and reinforces what managers learn in training so you can maximize your training investment and truly build greater leadership capability?

The answer, institutionalize leadership development in your credit union. You do this by articulating a leadership philosophy, creating a good succession plan and by embedding professional development in your performance management system.

### **1. Articulate a leadership philosophy**

The Board and CEO must articulate a leadership philosophy which includes the key leadership competencies (skills, knowledge, and attitude) expected at the credit union. The philosophy and competencies construct a clear picture of what leadership should look like in the credit union. This helps leaders and "budding" leaders better understand what is expected of them as senior managers and creates the foundation for a good succession plan.

### **2. Create a good succession plan**

A good succession plan not only identifies potential successors for each key leadership position in the credit union; it also outlines the capabilities each successor possesses, the skills they must develop to "be ready" for promotion and how they plan to develop these skill. With this information documented, the credit union has a clearer picture of the talent they have within, the talent they may have to recruit from the outside, and the professional development investments they need to make to continue to build their internal talent and provide future value and growth to the credit union.

### **3. Create solid professional development plans for each successor.**

A solid professional development plan clearly outlines (a) the capabilities each successor needs to develop to get to that next promotion; (b) the appropriate learning strategies required to develop those capabilities; and (c) time frames for completion. The learning strategies must be broader than just formal training and should include other strategies such as mentoring, leading a special project, being cross-trained in another department, reading a book, or spending time with a peer to learn a specific skill.

Well constructed professional development plans turn passive learners into active learners who engage in the learning process with a purpose. They enter the learning activity knowing exactly what they need to learn and why they need to learn it.

#### **4. Be sure your performance management system reinforces professional development**

With a succession plan in place, and each successor possessing a professional development plan, professional development needs to be reinforced using the performance management system. If the performance management system does not recognize and reward professional development, the emphasis on development will fade. The following strategies can be used ensure the performance management system supports professional development.

- During the goal setting phase of the performance management cycle, be sure to include some of the key professional development goals (from the professional development plan) along with performance goals.
- Be sure supervisors meet with their direct reports throughout the year (not just during the annual review) to discuss progress on performance goals as well as professional development goals.
- Link pay to the achievement of **both** the performance goals and the professional development goals. Therefore, if a person achieves all their performance goals but none of their development goals they should not receive the full raise or bonus.

Institutionalizing leadership development in credit unions demands a systematic approach. It starts with the Board and the CEO together making the conscience and articulated decision that leadership development is a foundational block for stability and growth. Next, the Board and the CEO need to:

- Clearly and explicitly outline the behavioral expectations of its leaders.
- Commit to the creation of a succession plan that helps managers understand what they need to do to be ready to succeed and advance.
- Support the system and culture changes required to foster new learning.
- Invest in professional development beyond just training.
- Ensure the performance management system rewards professional development.

This will help to ensure leaders enter into the learning process with a “purpose” enabling them to absorb skills faster, and bring new insights back to the credit union for implementation. Credit unions will maximize their training investment, accelerate the development of leaders and improve performance.

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