
Should the Board do their own Executive Search?

Selecting your co-op leader is the most important decision you will ever make as a Board. It's one of the most important investments in your cooperative's future. As with any investment, certain risks are involved. How you manage that risk is critical. It will determine not only the success of your cooperative, but it will have a substantial impact on the employees, the community, the state and national organizations, and quite possibly, the makeup of the Board.

As with many situations in our lives, sometimes "we don't know what we do not know." This can be especially true in the executive search process. Before you decide to "go it alone," in hiring a CEO or General Manager, there are several items that a Board should keep in mind as you approach the process.

Regardless of how you conduct your search, the Board should ask itself several questions:

- What is the Board's fiduciary responsibility to the membership and to the cooperative?
- What are the members' expectations as to the Board's efforts, processes and transparency in finding the next leader of their multi-million dollar organization?
- What level of due diligence is required of the Board?
- What is your duty as directors to the cooperative?
- In the end, can you "look your membership in the eye" and say that you did all you could to find the most qualified leader?
- If you have good internal candidates, is it better for them and the co-op to be tested against and potentially validated by the market?
- Have you considered the implications of your selection on the various stakeholders (employees, financial organizations, statewide, G&T, local community)?
- Does the Board have the expertise, experience and time needed to conduct the necessary search and selection?
- How will the process look if it were published on the front page of the local paper?
- Will what you "save" cost you more in the long run?

If the Board wants to conduct the search on its own with the help of internal staff or the cooperative's attorney, what else does the Board need to consider?

- Do you have the capability to conduct a national search?
 - A national search allows you to attract the most qualified candidates, regardless of geography.
- How will you set the compensation for the position, especially if you are replacing a long-standing CEO/GM?
- Does your attorney, board or the cooperative staff have the experience, expertise and bandwidth to ensure a comprehensive search? If so, your search for a new CEO/GM should include:

- Defining and agreeing on what the cooperative needs in the future and what success looks like for your new CEO/GM.
- Ensuring that your candidates are well vetted including reference discussions, background and credit checks.
- An understanding of questions that can/can't be asked of candidates
- A structured interview process so that all candidates are equally assessed
- Discussion on your relocation policy
- Discussion of Management Contract considerations

In today's world of corporate scrutiny, questions about Board governance, transparency and oversight; why would you want to put yourselves at risk and subject the Board to second-guessing, scrutiny, and potential liabilities that could have been avoided?

The selection process of a new CEO/GM is the greatest responsibility of the Board. It's a "bet the farm" investment made by the Board on behalf of the members. Thus, it is completed in a manner that manages the risk and provides the highest opportunity for success. The future of your cooperative truly is at stake.

These are just a few items to consider when a Board decides to "go it alone." In the end, have you fulfilled your fiduciary responsibility to your members? Are there opportunities that you have missed?

"One of the greatest benefits of conducting a formal professional search is the knowledge the Board gained from the quality candidates interviewed. Their observations, insights and feedback on our system alone were worth the investment."- Co-op Board member

We at NRECA's Executive Search are here to help. We work for our members. We have a vested interest in the success of your efforts.

For a confidential meeting to discuss our search process, please contact:

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