

Board Considerations on the CEO/GM Search Process

Consider this before you embark on a CEO/GM search “on your own.”

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 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, the Board must be aware of several realities that are not readily apparent until you are deep into or have completed the process.

Regardless of how you conduct your search, the Board has to 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)?
- 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?

How the search is conducted will have an impact on who applies.

If the Board, internal staff, or cooperative's attorney conduct the search, **you will limit the pool of candidates that apply.** Consider the message that you send and the questions you raise with the candidates:

- Is this a “real” search, or is the Board just going through the motions and going to hire internally? (Historically this occurs over 80% of the time.)
- If the Board is not willing to invest in professional help with their greatest responsibility, **hiring their only employee**, what will they be like to work with in the future?
- Candidates do not trust that the Board can conduct a search that is transparent, fair, credible and **confidential**.
- What type of a Board are we dealing with? Will I be allowed to manage the co-op?
- Are there issues that need to be addressed from a governance perspective?

Be aware: there will be candidates who apply because the Board is conducting the search on their own. There is a reason that they are out looking. Some target Boards that are working alone and will more than likely not have the ability or resources to discover those reasons. Do you have the resources required to properly identify the best pool of qualified candidates?

- It is all about “**who you know.**” If you want to attract the best, you need to have extensive national networks, relationships and a database of candidates. This positions you to identify those locally, regionally, and nationally that would be a “fit” qualified for your cooperative.
- Often the best candidates are not looking; identifying these individuals requires multiple resources.
- Utilization of active technology is critical to reaching the greatest audience in the shortest period of time. Passive ads are only part of the process.
- Reference checks are a confidential process where the information an individual chooses to provide (or chooses not to provide), will be based upon the relationship, trust and confidentiality that surround the process.

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.

**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.
You own us, and 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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