

Governance Toolkit
Module 2 – Board and Committee Chairs
Video Transcript

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00:00:00:00 INTRODUCTION

Hello, everyone. Sylvia Groves, president of Governance Studio here. Welcome to today's session, Module Two, Board and Committee Chair Education, brought to you by CUES in collaboration with Stabilization Central Credit Union and Governance Studio.

Today, we're going to look at one of the key roles on every board and committee, the chair, and ways for chairs to enhance the effectiveness of the board and its committees.

We're going to talk about each of these various aspects and roles that the chair can play. Taking a look at this picture, it looks like a pretty engaged committee with a supportive chair. A strong chair is a predictor of the effectiveness of any board or committee.

Often, we unfairly expect directors to know what they should be doing when they become a chair. We're going to talk today about a number of things—everything from facilitating decisions and engaging the members, how chairs can communicate, how they can inquire and set expectations, and how they can use their strong chairing skills.

00:01:33:36 What Actions Indicate a Weak Chair?

I'm just going to pause here for a second on this food-for-thought question for you. If you think back to a meeting that you've been at, and maybe it didn't have the strongest chair at that meeting, what kind of actions were they taking that made you feel like the meeting just wasn't being run in a way that was working for everybody in the room?

[SPEAKER PAUSES]

Now that you've had the time to think about a few of those items, I'm going to give you a list of the many things that I've seen—the most common issues I hear about when it comes to board and committee chairs that don't have really strong skills.

Perhaps they talk a lot. Maybe they talk more than anyone else in the entire meeting.

A lot of times the issue is that they're not keeping time. They're not keeping the meeting on schedule. Maybe they're allowing people to go off onto tangents and talk about other, more or less unrelated things that are taking the focus away from the actual business that needs to happen.

They may allow the board or the committee to get too operationally focused. Sometimes there are board communication issues, which you've probably seen in module one, that might be leading to that issue as well.

If they don't listen, that can be very frustrating for everyone in the meeting. Or, they might be asking for feedback or input from only certain members of the committee or the board.

A lot of times, what's happening is they're actually leading the discussions and leading the decisions. That's not always the best way to come to the best decision.

00:03:40:20 What Actions Indicate a Strong Chair?

Again, I'm going to do another little pause here so you can think about maybe a different meeting that you were at that the chair was able to run the meeting really, really smoothly. What were some of the things that you noticed the chair was doing that were making sure that it was a great meeting? What kind of strong chairing qualities have you seen?

[SPEAKER PAUSES]

All right. Let's take a look at some of the responses I get to that question.

Maybe that chair speaks last. Maybe that chair is a really good listener—keeping the meeting on time and on topic.

They take a strategic focus. They're really helping the board and the committee think about the long-term best interest of the credit union and how to make sure that that's always part of their decisions.

They're making sure that they get diverse views from all the directors around the table. They are summarizing the discussions that have been had, and they *facilitate* decisions. What I mean by that is, they don't lead the decision. They don't lead the board to a particular decision. They facilitate the board [in] *coming* to a particular decision because that's where everyone is comfortable or is agreeing.

Some other really important strong chair skills and characteristics are this idea of humility—just being able to be humble—being very good at being diplomatic, particularly with lots of different personality styles.

If you're in the chair role and watching this session, you might also want to check out session one, which is really about board communication from the management team.

We talk in there a little bit about different personality styles. You might find that really valuable.

They're great communicators. They're curious as to what other people think about a specific issue. They have the ability to remain neutral on the topic being discussed while it's being discussed.

They also are really good at making sure everyone's focused on the same issue. They have this ability to read the room to understand, are people getting frustrated? Are people getting tired? Do we need to all stand up and move around for a couple of minutes and then come back and make this decision before we go on? [They have] that ability to understand and be aware of what people in the room are experiencing and feeling.

00:06:53:11 The Role of the Chair: Before the Meeting

We're going to look at chair roles that occur before, during, and after the meeting. We'll break it into three sections.

Of course, we're going to start with before. Before the meeting, we want to be like a Boy Scout. If we're a chair, we want to make sure that we are prepared. We're going to be taking a look specifically at agendas and an annual work plan.

We're going to be talking about how to time out a meeting based on the decisions that need to happen. We're also going to be talking about how we, as chair, can influence and make sure that the agenda is really looking at important strategic items early on, when the board or committee is fresh, and the directors are ready to make decisions.

The very first thing that needs to happen is, of course, we need to figure out what is going to go on the agenda. Now typically, you're going to have help from management. Ideally, we're going to be able to align what the items on the agenda are with our board terms of reference, or charter, or mandate—however you have that document named within your organization.

My terms of reference may say that the board is responsible to do these 15 things over the course of a year. I want to make sure those 15 things all show up on the agenda. It's really important to make sure that we've got some system of figuring out what should go on the agenda in general.

Then we're also going to think about what kind of decision is it. Is it a housekeeping decision or something that's fairly routine? I'll call that kind of straightforward. Is it binary, maybe a little bit more complex? Or is it really fundamental, evaluative, and important? We'll talk about some guidance on these items in just a minute.

An annual work plan is a best practice within organizations. Basically, an annual work plan is a translation of the terms of reference for the board or committee into specific items that we're going to do at specific meetings throughout the year. In the Strategy Forward Agendas module, which is module four, we will be looking at a Work Plan 2.0, which incorporates a lot of best practices into it.

What it does is, it makes sure all mandate or terms of reference items are addressed by the board or committee. It specifies which meeting each item is dealt with. If you're approving annual financial

statements, and you usually do that in April, it will say, in April, we're going to approve annual financial statements.

It also talks about what is done and by whom, for each item. Typically, this is a reference to the management member responsible for providing some particular report or piece of information.

Again, going back to the example of an annual financial statement approval, that's probably going to be presented by your financial officer. It's going to be the financial statements and maybe any auditor's report on those financial statements. There may be some additional pieces as well.

All of those things get put together in a single document called a Work Plan 2.0. Typically, they're made by the management team, and they're a really valuable legacy asset for the organization. Especially if you're in the role of the chair, they're a wonderful way to help make sure that everything that needs to be addressed—that the board and the committees have agreed in their own mandates or terms of reference are going to be addressed—get addressed every year.

The next step is to figure out a time allotment for the various items given your meeting constraints. Sometimes you might have a 2- or 3-hour meeting, and you're going to have a little bit more room for decisions. On other occasions, you may only have a 1- or 2-hour meeting, so you're really going to have to figure out how much time to spend on these various items.

I have some rules of thumb that can be very helpful. For those routine items, things you do all the time—maybe you appoint the officers once a year—I'm going to want to keep that to an absolute minimum amount of time, maybe two minutes, maybe five minutes.

Or maybe I'm using a consent agenda close to the end of the meeting. This is just simply a number of items all bunched together that don't really need any discussion and that are going to be approved all at once. This can be a really helpful tool for chairs to understand.

The other thing that's important for a chair to know about a consent agenda is that a director can still ask that something be taken off of that agenda, so that there can be a more fulsome discussion of that. Otherwise, that consent agenda is a really good way to bunch a few things together and get them done very quickly. I'll talk a little bit later about why I recommend we do that near the end of a meeting.

Binary items, or things that are more on a confirmation type basis, are typically like this medium level. I might provide somewhere between 5 and 15 minutes for each of those, depending on how in-depth they are.

Even something like those annual financial statements really are a binary confirmatory. As a board, we need to approve financial statements, so we know that there has to be a yes or no decision made on them. Really, it almost needs to be a yes decision. Unless there has been something really unusual that's happened, they shouldn't take a terribly long amount of time.

Maybe you're closer to the 15-minute end of the scale for something like financial statements, and other things might be a little bit shorter. You might be doing somewhere between 5 and 15 minutes for those kind of binary decisions.

Then, when we're looking at really critical—whether you call it evaluative, fundamental, or strategic items—even then we don't have unlimited time to deal with those. We might be looking at 20, or maybe even up to 40 minutes, for one particular major item like that. Maybe it's that your credit union is looking at doing a project to update some of its systems, and it's really important so that the credit union can be competitive in the longer term.

It's a big project, and it's going to require a lot of input. It's really important that the board has had the opportunity to talk with management about the project, how it's being done, who is doing it, what is the timing, what is the cost, and what were the alternatives that management thought of. A lot of good discussion needs to happen there, and you want to make sure that you're going to allow enough time for that.

Another thing that really helps when you start to time this out, at the beginning of your meeting, set some expectations. That makes it a lot easier for you to be able to manage to those expectations. Setting out some timing is a really helpful.

Now you know what items you're going to deal with. You know approximately how long you're going to spend on each of them. Next, I want you to think about the order that you think those items should go into. It's very much human nature for us to follow a couple of different formats.

One is, do things in order. Start with whatever was leftover from the last meeting, or updates on that, and then add whatever new items that need to be done [in] this meeting at the end.

We also have a tendency to say, “Hey, let's do all these little, like there's ten of these little things, let's do them all at the beginning, and get them out of the way. Then, we're going to have clear time at the end to make these harder decisions.”

Unfortunately, what tends to happen in that case is we run out of time for those important issues. We get sidetracked during some of those smaller issues. Even if we don't run out of time, we may have run the directors out of energy before we get to those really critical decisions that need to be made.

I recommend a different way. We're going to take a look at it now.

This is what I refer to as a governance matrix. It's based on what is commonly known as an Eisenhower Square. It was also something that was set up in a slightly different format by Stephen Covey in the *Seven Habits of Highly Effective People*.

Those tools look at urgency and importance. For governance. I've adapted a little bit, because I think things are not so much important, as maybe strategic.

A lot of the things that we do are urgent, no matter what. “Urgent” means that it needs to be dealt with, either because it is a big problem, or maybe it has a deadline associated with it. You can see we go from least urgent on the right to most urgent on the left. That's the right-left access.

Then I look at things that are strategic. By strategic, what I mean is that they are of long-term importance to the continuing success and sustainability of the credit union.

What are those items that are less strategic? What are those items that are more strategic? We can start to use this tool as a guide to help build an agenda that ensures the board is using its time and energy at the beginning of the meeting on strategic matters.

When I say strategic, I want to clarify. I also mean risk matters. Strategy and risk are very much tied together. You can't really understand the strategy of an organization if you don't understand its risks, and you can't understand the risks of an organization if you don't understand its strategy. When I'm talking about “strategic,” we're looking at things that are very important in the long term of the organization.

You can see here, we've got four different quadrants. In this first quadrant here, up on the top left, we're looking at things that are both urgent and strategic. These might be things like emerging assets or game changers.

Of course, all of us are really familiar with the initial impact of Covid and how that needed to be dealt with very quickly. It was changing the way we were doing business. Things might have been very, very different in our credit unions, and it was something that we needed to talk about because it was right in our face, right now. It was very different, and we had to take care of it. It was both urgent and strategic.

Things that are not urgent, but are strategic are over in this second quadrant, the righthand side on the top. They are things that are really about planning and prevention.

In most credit unions, where you're looking at being a governance board, and you're overseeing management, you're going to ideally want to spend a lot of the board's time doing things around planning. “What's our strategic plan? Are we performing to it?” If the organization is not performing to it, how are they looking to fix that?

“What are the key risks and how do we need to manage those? How is the management team handling them?” So, planning and prevention things are here.

Then we go down to this bottom half where things are less strategic and perhaps urgent—urgent, but not strategic. Those can be more routine items I talked about. They can also be things with deadlines.

I'll give you an example here because I also want you to consider the context—[meaning] what's currently happening in the environment and within your own credit union—when you're thinking about this idea of, “Urgent and Strategic.”

Most of the time, if it's been a normal year, we've performed to expectations. There's nothing really unusual that happened. Our finances are on track to what we thought. I would probably consider approval of even the annual financial statements as something that's urgent. There's a deadline. We need to get it done, but that's not so much strategic. We're looking back at things that have already happened. There were no concerns.

Now, if we were in a different context, and there had been issues with the financial statements, or the external auditor didn't want to provide a clean letter to go with the financial statements, or there had been a restatement of financial statements, or there had been a turnover in the financial officer—those things might make this, in context, a much more important thing and might actually push it up to the top.

Not everything is a black and white, “Oh, this is a routine item. We do it five times a year. Therefore, it's always routine. It's always something that is in this quadrant here.” That can change depending on the *context* of the organization. [It's] really important to always keep that context in mind.

Then of course, this last box here is, “Least Urgent, Least Strategic.” Those can be things like, of course, that sharing the cap videos that we do. It can also be things that maybe are a little bit on the important side, like maybe taking some time to make sure that we've got good relations within the board or the committee, making sure people have a chance to do a little bit of a catch up—things like that. Things that aren't necessarily important business of the organization are going to fall more into this area here.

Now I want to give you some ideas about *how* you can deal with these various items.

You can see I've added a little more information on this slide here. Those “Urgent and Strategic” Items—because they're urgent, and they're strategic—we're going to get through those first. They might not necessarily even take up most of our time. It might be something that we can resolve relatively quickly. But we need to make sure that they get done, and they get done at the beginning of the meeting.

This second area here that you see in the top right— let me see if I can get my numbers on there for you. Those ones, we're going to do first.

This area, what I'm referring to as the second area, we're going to try and focus here. This is where we're probably going to spend the bulk of our time.

Then of course, [there's] the third area. This area is urgent, but not strategic—the things that we need to do. We're going to try and do those last and do them fast.

Again, we can look at this idea of putting them toward the end of the agenda, where people are tired, and everybody has already gone through the information on those items. Maybe we're even putting them into a consent agenda.

We're going to look at those items last, and then we're going to avoid these neither urgent nor strategic things in the course of the formal meeting.

Even if we're providing some time for people to chat and catch up, we're going to maybe say, “Hey, please, everyone join the meeting ten minutes early, so we can all get caught up, and then we'll get started.” That can be a way that we can manage that within the agenda of the meeting.

00:26:02:02 The Role of the Chair: During the Meeting

From there, we're going to flip from all those things we were thinking about as we're getting the meeting agenda sorted out with the assistance of the management team, and we're providing our input and insights on those things that we need to take care of during the meeting.

The chair's most visible and important roles during the meeting include things like focusing, keeping time, teamwork, psychological safety, and facilitating decisions. We're going to take a deeper dive into all of these areas.

When we talk about focusing the meeting, one of the things I want you to think about as chair is where you can set some expectations at the very beginning of the meeting. When you're calling the meeting to order, you can actually set up some ground rules. “This is how I am expecting that we're going to make sure that everybody is ready. I expect everyone to have read the materials, and I'm going to call on everyone, because it's important that we have everyone giving their views on some of the items.”

I can set some expectations around the agenda [such as,] “We've got two or three really important items at the beginning. We have a lot of small stuff, but that's towards the end. We put it in a consent agenda.”

Again, you can talk about those things. You can talk a little bit about the time available like, “We really need to focus on this issue, so I've allotted us a half an hour. We're going to try and get through everything in that period of time, so I want everyone to be brief in sharing their comments. Wrap it up, get it into a minute or two as to what your view on the issue is, so that we have some time to discuss it as well. I want to make sure that we're going to have lots of time for those really important discussions.”

This gives you a lot of ability to then also manage during the meeting. “You know, we only have a half an hour for this item. We're about 20 minutes in now, so I want to make sure that we have the ability to have a little bit of discussion back and forth around it. Then I'll give a summary before we come to a decision.”

You can reinforce those expectations throughout the meeting and also when you are coming up to a specific item. Maybe you've got a brand new board mandate or terms of reference for the credit union. People are going to want to talk about this a bit. You can say, “By the way, we've got 15 minutes for this item, and we're going to chat through it here.”

That's an example of how you can reinforce or set more expectations throughout the meeting. Maybe you're running a little bit late. You may be able to say, "We had 15 minutes, but we're going to see if we can wrap it up in 10."

We've talked about keeping time already. We've already talked about setting those expectations at the start of the meeting and at each agenda item to keep it on task—asking the directors for a 1- or 2-minute view statement.

That might be something that just becomes an expectation in the credit union. Whenever there's a meeting, everyone expects to be called on. Everyone expects to be giving a brief statement as to where they are initially.

Then there's some discussion, and then there can be a decision or a summary. Or, there can be a second set of, "How is everybody feeling now?"

You can definitely, as chair, ask for assistance from the recording secretary. The recording secretary is whoever, whether it is actually a governance officer or a corporate secretary, or if it is someone else taking the minutes for the meeting. You can ask them to assist you in staying on time. "If we get to 6:45, please let me know so that I can move on to the next item, or I can start to wrap up this item that we're working on."

Make sure you use the other resources that you have available to you within the room to assist you. We also want to make sure that we engage our members, because the best decisions we make are those that we make when we've taken into account a diversity of views.

It can be really helpful to get good engagement—to ask someone to speak that you know may be coming from a little bit different direction than a number of the other directors. This can give them the encouragement to speak up. If they speak first, they may not feel like they're giving this different viewpoint because 3 or 4 people haven't yet said something different.

You can also look at—even during a discussion—instead of going around the room specifically, you might let someone present what you think is going to be the prevailing view. You might ask, "Is there somebody who has an alternative point of view? Are there any other views? Are there any other comments?"

Those kinds of statements can also be helpful if you're running behind, and you're not able to go through everyone individually. You've gotten through some of the group, and you're asking if there are any other views that we need to talk about or take into account. Making sure you're bringing out those diverse views is a really important part of your role during the meeting.

I want to give you a secret here. It's a secret that I was taught many years ago, and it's really, really helpful. Sometimes when you're engaging directors, or you're asking for views, and if you haven't asked someone specifically, or you're not going around the table, people don't answer right away.

It actually takes a lot of people—many of us, probably most of us—somewhere between eight and 10 seconds to formulate a comment or a question, and then get up the courage to state it after the

speaker stops. It feels like an eternity when you're the speaker, and you're pausing for a very, very long time. But it's really effective in making sure people actually have that opportunity to speak.

The secret of pauses is to ask your question, “Does anybody have any other views that we need to think about here?” Then wait...and wait...silently.

If we start speaking again, a lot of times that will stop someone else from speaking up. [That’s why,] as a chair, I'm going to ask for views, and then I'm going to count one, two, three—silently in my head, of course—four, five, six, seven, eight. Only then, if I haven't heard anything, am I going to move on—maybe give my summary, as I go forward.

[There’s] another thing that can be really helpful—especially with credit unions where people are on the board for a period of time before rotating off, or we have frequent turnover of new directors. It's really important to help the directors come together as a team. This really is a team sport, right?

Directors—I'll say this, it'll sound weird—directors don't make decisions. Boards make decisions. We are a team, and we really want to make sure as chair that we are supporting that idea of a team.

You can think about different ways to bring the team together. One of the exercises that I like to use to break the ice with new directors is to go around the table and maybe ask everyone, “What's your name? What kind of a background are you coming from? Do you have your own business? Why have you joined the board? And, [what is] one thing most people don't know about you?”

That last piece of the exercise, that last item that you might ask everyone to weigh in on, is really interesting. It starts a conversation within the group—that you're going to have to manage the time of—but it starts to help us understand, “Oh, this person's an artist. Oh, this person loves to travel. Oh, this person loves to read. This person loves football.”

We can start to understand other people and figure out where we have connections. That goes a long way to developing a rapport and developing teamwork.

Any time I've got even a single new director, I may go around the room with that particular exercise, “the one thing people don't know about me,” for the sake of that one director. They’ve not heard it before. It helps everyone else get to know them as well. That's a quick exercise that you can do with new directors.

Another thing that is really critical in making sure that we are getting the diverse views of everyone in the group—and this is our role as chair—is to help create this feeling of psychological safety. What I mean by that is, we feel safe to bring up even points of view that are not clearly aligned with everyone else in the room. We're trying to make sure that we're making the best decisions possible.

We need to make sure that people are comfortable bringing up things that might be different from all, or a lot, of the rest of the group. Some of the things that we as chairs can do to help create that idea of psychological safety is to lead by example.

That means no interruptions. I'm not going to interrupt someone that's speaking unless the case is very obviously a tangent that I need to cut off. We're not going to interrupt people that are giving their points of view and a quick, brief statement.

We're going to make sure that each person gets to speak, that nobody starts speaking over them, and that we don't speak over them. We're going to remind the group again, maybe in that expectation setting—that we're here to be constructive and that we're here to be respectful of each other.

We're a team. We might not love the personalities of everyone else on our team, but at the end of the day, we're a team. We make better decisions as a team, and so we need to treat each other with respect.

As a chair, we can also actively listen. As someone is giving their views on a topic, you can just make sure that they are understood. You can say, "What I heard is that this is your key concern..." and make sure that that gets restated so that everybody's on the same page.

Another item that we can do is to make sure we thank people for their contributions. Whether they are in line with the way the group is thinking, or whether they are having a different perspective than what the group is thinking, make sure that everyone gets thanked for their contributions and their comments. Once we've created that psychological safety, we're in a good position.

We need to also think about our own behaviors. Research shows that many people are very reluctant to express those diverging views, especially when there's a strong prevailing view. So how does the chair ensure that all views are heard? [I'm] giving you a few seconds to think about that.

[SPEAKER PAUSES]

Again, one of those ways is by making sure there's good psychological safety. Another way is making sure we're calling upon people that have other views, and that we're not necessarily giving our view right away.

Think about this a little bit when you're chairing a meeting. When do you give your view?

Do you say, "Hey, we've got this item on the agenda, and we're going to spend ten minutes here. By the way, this is my view."

[Or,] we're going to give it during the discussion. "We've gone around the room. I'll take my turn now."

[Or,] I'm going to give it when I summarize all the information. Or, am I not going to give it at all?

This is something I want you to think about in your role and what you think is going to be most helpful. I believe that the most helpful things are often when we don't give our view at all. Or, maybe we provide it only during the summary.

Again, chairs have a very high amount of influence over decisions—an influence over the board, an influence over the committee for the group that they are chairing. It's really important that we've been thoughtful about when we're giving our view, or if we're giving our view at all. If it's clear that the team has already come to a decision, we might not need to weigh in.

Okay, on to this idea of facilitating discussions. Again, we're teeing up agenda items. We can again start making sure we're getting those diverse views out by talking about the importance of the item and the importance of having those diverse views.

I can, as chair, be thinking about, “Hey, we can make sure we're getting the diverse views. I already know this person has got a little bit different take on this issue, so I'm going to ask them very early in the list of people as we're going around the room, to give their views.

Who's going to be the first speaker? Maybe that's someone with a diverse view.

Who's going to be the next speaker? Maybe that's someone more in line with what you think the group view is.

As chair, we can start to facilitate those discussions and make sure that we are hearing both sides of it, or many different aspects of it, as we talk to everybody and make sure they're getting their opportunity to speak.

This is an interesting one. I'm going to put this question up for you for a second, and you can think about it as I'm describing it here:

What is the ideal percentage of airtime for a chair during a meeting?

By airtime, I mean how much of the time am I, as chair, speaking versus how much of the time is everybody else speaking?

Do I speak 40% to 45% and everybody else talks 55% to 60%. Do I speak 20% to 25% of the time, and everybody else talks 75% to 80% of the time?

Or, as a chair, do I speak only 5% to 10% of the time, and let everybody else have 90% to 95% of the time?

The reason I ask this question is, there's a really interesting study of board best practices, and particularly practices of effective boards. It was published in the Harvard Business Review, and was from the Auckland University of Technology, in collaboration with the University of Australia—so from New Zealand and Australia.

What they found was that chairs who voice a lot of personal views can undermine the involvement of others in the group. If I, as chair, am giving my views early and frequently throughout the meeting, other people may not feel comfortable in speaking up at all—particularly if they have a different view from me.

What they found in effective boards, [is] that it's actually only 5% to 10% of the time that the chair is speaking? The chair is setting expectations at the beginning, guiding people through the agenda, just asking people for their views, and providing some summary right before decisions are being made.

They are typically *not* giving a lot of time to themselves to speak. This is where there's a key distinction that comes in. Sometimes this is just something that we have learned, or something that we have assumed, that when we take on the role of the chair, we are the leader of that group. We are expected to *lead* the decisions.

Again, I mentioned that earlier. We're actually something very different. We are facilitators. It's like we're trying to facilitate a group that we have an interest in, but we are not necessarily even weighing in on. We're going to facilitate the group to come to its decision.

[That's] a really important way for you to think about how you might approach chairing the committee or board that you are chairing.

Another thing that I want to talk about a little bit is something that can affect individual and group dynamics in decision making. It's called cognitive bias. Most of these cognitive biases are unconscious. We aren't aware that they're occurring. I know my slide here says there are over 175 identified. There's actually over 188 right now. This is a really complex topic.

I really recommend you do some additional research and reading on your own. There are some resources that I'll talk about a little bit later that are part of the toolkit. Those will help you.

In the meantime, I'll give you a sample of some of the biases that can arise in a boardroom. From the decision-making process, the importance of these is really critical, because they happen not just with respect to diversity. I know a lot of times when we're hearing about cognitive bias, we're hearing about the hiring process, but it's not really about that. It's about how we make decisions on a broader level.

Some examples of cognitive bias that are really common in boards and board decisions are first-off, the optimism bias. That's the tendency to be over optimistic, overestimating the likelihood of success. Maybe we're underestimating the likelihood of unfavorable outcomes.

That can happen in the board. Sometimes that's happened in the management team, and we as the board need to be there to bring a more realistic perspective. We might be questioning the management team about some of the assumptions they've made and whether or not those are realistic or overly optimistic.

The next one I'll talk about is this idea of a self-serving bias, the tendency for humans in general to blame outside forces if something bad happens, and take credit when something good happens.

[For example,] "Management team, you did such a great job in increasing our membership," when maybe it was something outside of their particular initiatives that actually increased the membership in our credit union. Maybe it's distrust of the big banks. All of a sudden, people may be turning more

to credit unions. We might take credit when something good happens and say that it was outside forces.

“Or it’s, “The banks are making it so that it we just can't compete. It's the banks. It's not us.” We have to be always aware of that type of bias.

The third one here, confirmation bias, is one that happens to us all the time as human beings. We focus on information that confirms our existing perception and discount information that doesn't confirm our existing perception.

Again, when it comes to a particular decision, this is why it's so important to make sure that diverse views and voices are heard—that people feel safe to bring them forward, so that we can make sure we're balancing that.

“Am I just looking for things that support the decision I made?” This is something that can happen within the management teams that we're overseeing. They get this idea, and they talk to maybe some executives at other credit unions [who respond] “Yeah, we've been doing that, and it's been really successful.” That just confirms it. Even though they've talked to 2 or 3 other executives that have said, “Well, it didn't really work all that well.”

We can get pulled into this very easily. When we're making decisions as a board or committee, we want to be remembering that this bias can occur.

An anchoring bias is relying really heavily on the first piece of information that you learned. If you learn that some particular format is really helpful in improving membership, that might be, “Okay, this is the helpful one. We're not going to focus on anything else.”

An affinity bias occurs when you have a preference to people who share qualities with you, or who are similar to you. If you happen to have a similar personality, similar likes and dislikes to the executive officer of the credit union, you might be more supportive of their ideas without really intending to be.

Conformity bias. This one is again really important when we think about boardroom dynamics. It’s when your personal views are influenced or changed by the views of others. It’s very similar to this idea of peer pressure or wanting to conform. That's why it's really important, if you know there are different views as chair, that you don't go around and get seven views that are all the same, and then ask those three people who might have different views at the end. [Those three] may feel very uncomfortable bringing their views forward.

Creating that psychological safety, balancing the views during discussions, is a really valuable thing that we can be doing as chairs.

Last two here, contrast effect. That's when two options get assessed by comparing them to each other, instead of considering their individual merits. If there are two options for the management team to consider in dealing with a particular issue within the credit union, there can be a tendency for us to compare those. “Well, this one's cheaper, but this one's faster.”

Really, what we need as a board to be doing is thinking about them on their own merits. It doesn't matter, the cost of this one. It's very, very effective. This one here is inexpensive, and something we can get started with, but it's not very effective.” We need to compare them individually as opposed to against each other.

Lastly, there's this idea of the halo effect, where we judge a person, or even the ideas they bring forward, more favorably or less favorably based on our view of the person. Again, if we all have an executive officer who we think is wonderful and fantastic, we may look at their ideas as wonderful and fantastic without really thinking about them, or thinking through them and making sure that they make the most sense.

Those are several cognitive biases that happen in boardrooms. Again, I encourage you to do some more research and reading on this. It's a really interesting area of how we, as humans, make decisions in groups.

That brings us to the one that we hear more about in boards. That's this idea of a 'group think.' That happens where we seek harmony or conformity within the group. It can happen when we all agree on something, or when we make a really, really quick decision.

On strategic issues, we really need to be making sure that if we're seeing that somebody in the group—maybe it's the chair, maybe it's somebody who the chair knows has a different view—is asking those questions. We're pausing as a board to say, “Wait a minute, what if we're wrong here? What's the worst-case scenario? If this plays out, and we're wrong, what could happen? What aren't we thinking of?”

That can be a really difficult thing to deal with. “What if we're wrong? What if this person isn't the be-all. What if our executive officer isn't the be-all, end-all? What if this strategic initiative is not the thing that's going to save our organization? What if this whole strategy, or the way we're managing risk, is not robust enough? What if we're wrong?”

We all agree on this. Has that already been surfaced in the group? Have we had that diversity of view that maybe this isn't the right answer, before we've come to this decision?”

That's group think. As a chair, we need to be really cognizant of that.

We've gone through all of this, making sure we're getting views from everyone. We've thought about, “Have we got cognitive biases going on there?” Then, my role as chair is about summarizing the discussion. “Here are the things that I have heard. Specifically, we know there are divergent views. It seems like most of us agree [with] this and this.”

I would note that there are concerns around these items that not everybody has. “Did I miss anything? Have I wrapped everything up in a bow as to where it feels like we, as a group, are together?”

Then, if you have missed anybody, also make sure that we're checking in with them. Do they have anything to add? Or, if we're managing to time constraints, are there any other things that haven't been heard that need to be summarized for that summary of discussion?

Again, that's my role as chair, to have been paying attention. Maybe I've been taking a few notes of my own and trying to wrap up what everyone has said, overview it, and summarize it.

Now we're working toward making an actual decision. I'm doing that summary. We're working toward consensus. Ideally, we might get even beyond that. We might get to unanimity.

At the end of the day, we're going to say, "There is this idea of majority rules, if we have to go there. But consensus is better." It's not that everyone agrees. It means that everyone can live with the decision, taking into account the best interests of the credit union.

"The board has come to this decision. Maybe it's not everyone's favorite decision, but on balance, it seems to be appropriate [and] in the best interest of the credit union." Everybody is going to say, "Okay, we're at consensus, and we're going to move forward that way."

Ideally, we need to sometimes, as chair, also remind directors that, "Once we leave the boardroom, this is our decision." This is how we frame it, right? If it's appropriate for us to speak about it to anyone, it's "Here's the board decision." Not, "Here is the board decision, but I disagreed with it. I didn't think it was a good idea." We want to make sure that directors are supporting that decision.

When we go to actually resolving matters, if it's a binary type issue, we're going to ask for a resolution. Ask if anyone is in agreement, and if anyone disagrees. If there's an agreement after your summary, [and] it's clear that there's already agreement, we can simply ask for a resolution that the board supports.

If we're still not in agreement, we can look at, "Do we have consensus? Can everybody live with this decision if we go ahead with it?" If that's the case, then you can go ahead and ask for the resolution—those in favor, and those not, if there are any.

If there's just no consensus at all, we have to figure out what we're going to do. Do we need to spend a little bit more time talking about it? Do we have the option to revisit this at the next meeting? Or, is it a decision that needs to be made at this meeting? If so, we will need to work through that issue as well.

01:00:16:15 Other Meeting Matters

Okay, some other items here. We're going to talk just a little bit about conflicts of interest, virtual and hybrid meetings, and executive and in-camera sessions. All of these are things that can happen during the meeting.

As chair, we need to manage any conflicts of interest. A conflict of interest is where a director might have some financial or other direct benefit that could occur to them, if a particular resolution is passed, or a particular service provider is used—those kinds of things.

Maybe the chair is going to ask if anyone has any known conflicts at the beginning of the meeting. Sometimes they can come up during [the meeting], but generally you'll know about them in advance. Directors, within their own position description, ideally will be very aware that they need to always disclose any conflicts, or any potential conflicts, if they're not sure it's a conflict.

We can have a specific policy sometimes that will very clearly set out the types of things that might be a conflict. Generally, what is going to happen is, if there is a conflict, that person will not influence the decision. They won't be part of the discussions for that particular item, and they won't vote in that particular case.

They're not going to have any say over that. The decision is made without them. If it happens to favor them, it's because the board, without them, made that decision and agreed that it was appropriate.

As chair, we do need to be prepared in case a conflict arises during the meeting. [We need] to make sure that we know how we are going to handle that.

Some things for virtual meetings: I know sometimes, particularly in credit unions, most people are doing this after work, and it's in the evenings. We're not always having the opportunity to meet in person. We're often doing virtual meetings. I'm going to talk about hybrid meetings here in a minute as well.

We ought to consider whether we have camera-on guidelines. I think it's important to consider that because we want to make sure everyone is engaged, everyone is participating. We want, as chair, to be watching for and managing screen fatigue. If a meeting is going on a little bit longer, maybe we call for a 2- or 3-minute break, just so people can get a glass of water, walk around for a moment, and then come back to the screen.

If we are involved in a lot of virtual meetings, and particularly as chair, consider whether it's helpful to have a ring light or a better camera. It can be very odd watching someone on camera if they've got a really poor quality camera and microphone.

It's very important that we can be heard by everyone. Make sure we're testing the components that we have there as well.

Some virtual meeting behaviors that we can consider for all directors, but for the chair particularly, is looking into the camera. If we've got a camera, try to be looking into it. It will appear that you're engaging people directly.

Make sure you're ready to manage "mute" if somebody starts talking, and they're on mute, or if you're getting feedback in the room, and you need everyone to mute unless they're giving their particular views at the time.

Ask people to make sure they're maintaining privacy. If people are participating from their home, [make sure] that they're in a room where the discussions can be relatively private from others in their household. Also, keep people focused.

I always like to be the last to leave. [Once] the meeting is over, somebody might want to make a comment or have a chat with me, as chair, at the end. I will let everyone sign off the meeting, and once *everyone* else is signed off, I will go ahead and leave the meeting myself.

Some hybrid best practices: I think it's especially challenging when we have a partially in-person meeting and partially online [one]. It's really important that we have a good microphone that can pick up the room for those people who are online, or that the microphone is being passed around to the speaker, so that everyone can hear what's being said in the room, if they are there virtually.

We have to make sure that we're asking virtual attendees for their views, and we're giving equal airtime to those people who are not in the room. If we're asking everyone to give their two-minute view of a particular project or item on the agenda, we're going to go through and make sure that everyone on video is also having that amount of time.

We have to be more diligent as well, watching for agreement on resolutions. I will often use the phrasing, "Does anyone disagree?" Or, "Is anyone against?" If I don't hear or see somebody waving, I would ask them to make sure their mic is on if they are dissenting on a resolution, to make sure that I have clearly heard that.

I want to touch a little bit on this idea of these sessions that are very common in a lot of larger organizations. Some of the smaller credit unions may or may not be doing these, but they're very, very valuable. One is this idea of an executive session with the CEO and without any other members of management.

If there are other members of management that are participating in the meeting from time to time, I would do all of the stuff that I can with them in the room and then ask them to go. You might have a discussion with the executive officer about, "How is team performance? Are there any concerns? Are there any asks that you, as executive officer, have for the board?"

Do you want our advice on anything? Do you want to raise an issue, plant a seed with us, such as 'You know, by the way, in a few months, I think we're going to have to do this. And so I just want the board to know now.'"

Give the CEO or the executive officer the opportunity to have those discussions with the board after other members of management and any other guests have left. [This will] usually [be] toward the end of the meeting, but not after the meeting. Actually, during the course of the meeting, you may have an executive session.

Secondly, you might have an in-camera session. In-camera just means, in private. That would have the directors only. The executive officer leaves, and then the directors are actually talking about the executive officer's performance.

We, as the board members, are responsible for the leadership of the organization and particularly the executive officer. We need to have that opportunity to talk about their performance, whether or not we have any concerns or any things that we want to bring up to them like, “Hey, you're doing a really good job in this.”

Ideally, if I'm the chair of the meeting in this case, I'm the one that will communicate back to the executive officer on that. That's typically around a board meeting and the executive officer of the credit union. Then it will be my job to communicate any feedback from that session back to the executive officer

01:09:07:06 The Role of the Chair: After the Meeting

We're now moving on to this section about after the meeting. Sometimes I want to make sure that I check in with the directors. This can be especially helpful if there was a contentious issue that got decided at the meeting, or maybe if you just want some feedback on how the meeting went and if things could be handled differently.

To me, the important one here is checking in with directors, or various of the directors—ideally, all of the directors—in private, after the meeting.

Of course, after the meeting, we're also going to be responsible to review the minutes that get prepared for that meeting. We're going to take on any tasks around making sure decisions are communicated, or that feedback to the executive officer is communicated, and that items are being handled.

A lot of times, we'll have a lot of support from the internal management team on those last couple of items. As chair, I want to make sure I'm kept in the loop that things have been progressing and work that has been agreed to is being done.

01:10:32:18 Wrap Up

Okay, we're going to move into a bit of a wrap up, some reminders of some of the key ideas and concepts throughout, and some other resources that are available in the toolkit and outside of the toolkit as well.

Again, as chair, key roles are around planning in advance. What are we going to do at the meeting? What order are we putting things in? How are we managing the time? How much time are we allotting all of those planning issues.

[We're] facilitating the meeting, not managing it or leading it. We're not saying, “Okay, we've got this item, here are my views. Anybody think differently? Okay, here we go. We're just going to approve that.”

Again, we're facilitating those conversations and discussions, summarizing. Maybe we're asking clarifying questions.

Sometimes we will be aware that we understand what a director is saying, but it's clear to us that not everybody in the room does, so maybe we ask a clarifying question. Or we may, when we're summarizing, just kind of wrap it up in words that are a little bit easier to grasp.

We listen more than we speak. We spend only 5% to 10% of the time for the whole meeting being the speaker in the meeting. We're going to minimize that.

We're going to lead by example. We're going to speak clearly. We're going to be brief. We're going to be respectful. We're going to make sure that we have all views heard and that we've created a safe space for everyone to speak up, especially if they have a diverse point of view.

We're going to be impartial. We're going to make sure everybody has a say, and we're going to be approachable. We want people to feel comfortable in coming to us. We're going to think about those key items when we're coming up to a meeting that we are chairing.

[As for] our key chair skills and abilities, of course, we are going to behave with diplomacy and tact. We're going to try and smooth over issues, making sure the room is remaining respectful of each other, even if the discussions are somewhat diverse.

We're going to be humble. We're going to assume that we don't know anything. [We're] going to assume that we are not the key person here in the room, just because we are in the role of the chair.

We're going to have curiosity about other views. "What could go wrong? Do we have biases going on here? How can we prevent that?"

We're going to see if we can draw out those quiet members. A lot of times the quiet members don't say a lot, but when they do say it, they bring up something that's really critical, so we're going to make sure we're drawing out those quiet members.

At the same time, we're figuring out how to make sure that some of the members who tend to talk more, [who] are more gregarious and louder, are not overbearing. How do we make sure they don't go off on tangents? How do we keep the group on topic?

Then of course, we're reading the room. "You know what? Everyone is tired. I know this is a big decision for us. Let's take a two-minute break just so we can stand up, clear our thoughts for a moment. Then we'll come back, I'll do the summary, and we'll make our decision after that." So, read the room and find ways to improve the current dynamic of the room if things are not going well or people are tired or unsettled.

Some other chairing tips include setting some expectations. Set them at the beginning of the meeting and set them throughout. Maybe keep a list of all of the board members in front of you, just in case you're in a hybrid situation, or you want to keep track.

You might not go around the table from left to right, right to left. You might be trying to balance the views. So, tick off who you've talked to.

Make sure your requesting differing views. “Does anybody think differently about that? Does anybody have an alternative point of view that we need to account for?” Make sure we're asking every member to participate. I’m going to set that as an expectation. “You're here. This is a board meeting. We really want to hear your views.”

Then I, as chair, am going to summarize those views. I'm going to ask if there are any other questions—anything else we need to deal with before we make a decision on this matter. Then I'm going to pause.

[SPEAKER PAUSES]

That's about the length of pause I'm going to do. It's going to feel very awkward the first time you do it. After a while, you don't even notice it at all. I simply count in my head one, two, all the way up through eight. It goes by really quickly when I'm counting. Then we may weigh in at the very end, or not at all, on decisions. We might not have anything specific to add, so we may, in fact, call for the group decision at that point.

01:16:23:12 Tool Kit Contents

A quick overview of the tool kit contents. There is a quick reference guide for chairs that goes through most everything that was in this session here. The piece on psychological safety is new to the session, so that one isn't in the guidebook.

There's a board and committee chairs' guidebook, which is longer, more fulsome. That quick reference guide—a two-pager—is something that you can actually review right before you go into a meeting.

If you're new to the chair role, there's also a bonus. It's the cognitive unconscious bias resource list. We've got some resources pulled together, places that you can go look for good articles and further reading on that as well.

An even bigger bonus is that anyone viewing this can receive a free digital copy of, *The Great Chair, a Window on Effective Board Leadership*, by Brian Hayward.

Brian is a colleague of mine. I really appreciate his work. I appreciate that this, *The Great Chair*, is available. You can use this link to click to it. (It looks like you're purchasing it, but the purchase is no cost.) You can go ahead and use this link that's been made available for us.

Some additional resources [include,] *Humility is the Key to Effective Leadership*, by Jason Richmond for Forbes magazine. There's a link here for that really good article on humility, which I've touched on during the session. I think you will really enjoy that one as well.

01:18:17:18 CLOSING & CONTACT DETAILS

Thank you all for participating in today's session, the chair's education, brought to you by CUES, in collaboration with Stabilization Central Credit Union and Governance Studio.

Lastly, here's some additional contact information for me, Sylvia Groves, [including] my email address and phone number. There's also a link to the website. On the website, you can sign up for *Studio Insights*, which is a fiercely practical governance newsletter where you'll find all sorts of interesting articles and resources that come out on a fairly regular basis.

Thank you, everyone, for participating and have a great day. Bye for now.

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