

## **“The Strategic Value of the Activist-Investor Board”** by Jeff Rendel, Certified Speaking Professional

You’ve read about activist boards in Corporate America; boards that increase their investment holdings to gain and influence voting control to do things they believe will raise the value of the corporation. These boards get deeply involved in strategy and operations with a short-term focus on financial metrics. While their intent is not always to make a quick sale of the corporation, they always desire to increase the financial value of the organization.

Increasing the value of your credit union is an impressive initiative. What can a credit union CEO do to promote an activist, investor-like board committed to increasing the value of the credit union and members it represents?

**Evaluate your credit union like an activist investor.** “Does this add and maximize value – and how?” is a question that should accompany every current and prospective strategic objective, goal, and plan. As an executive, this level of analysis requires meticulous, impartial, and peer research. In the end, this evaluation ensures the long-term viability and value of your credit union, a fiduciary duty that all directors seek to achieve. Though a credit union can’t actively look to the equity markets for a real-time valuation of the credit union, common measures to gauge value include: contribution to net income; increase in member profitability; growth in market share; and, return on equity. All are solid indicators of consistent growth and the sustainability of future streams of revenue and profits.

**Have a well-defined, agreed-upon strategic focus and perform against declared goals.** Consistent performance that realizes shared credit union goals is the best deterrent to a disgruntled or meddling board. As you wrap up this year’s planning session, verbally gain the commitment from each director that your objectives and measures are proper and fitting for increasing the value of your credit union. Think of your Board as a group of investors and work to achieve the results and return they expect.

**Ask for and act upon ideas from your Board.** Directors are smart, motivated people who want what’s best for their credit union. They invest time to get better through conferences and networking and will learn of ways that other credit unions are succeeding. Take the time to appreciate their new ideas; analyze the strategic business case of ideas that appear relevant; and, implement ones that add value and make strategic sense. For ideas that don’t add strategic value, explain the rationale and encourage your directors to continue providing new concepts for your credit union’s strategic success.

Your Board’s most important role is to ensure your credit union remains true to its mission and values. It also wants to strengthen a long-term competitive position that benefits your members who have entrusted their financial relationships with your credit union. Seek to create an active, investor-like credit union board committed to ensuring long-term financial viability and superior products, services, and experience for your members.

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