



d. hilton associates inc.

What's it Going to Take?

Target Hiring Guidelines
for Credit Union Executives

John W. Andrews, CCP, CSCP, SPHR

Making a job offer to a CEO candidate can be a nerve racking experience fraught with a thousand things that can go wrong. It's like a fisherman fighting a big game fish for hours, only to have the line snap as it nears the boat. Sadly, all that is left is a story about "the one that got away." An executive search can be the same type of emotional roller coaster with countless hours of hard work culminating in an offer that lands the big one or snaps the line with nothing to show. The following article highlights key tips to making a successful job offer and answers the most common question a board asks: "What's it going to take?"

D. Hilton Associates has tracked job offers in the credit union industry for more than 20 years. Our latest study spans the executive searches we conducted over the past 24 months. Using data collected from hiring credit unions, as well as from job applicants, D. Hilton explored key trends related to the job offer process. While many readers would suspect that a base pay increase would be the prime motivator for an executive to take another position, our research found

that, candidates had other reasons for making a change beyond base pay.

There is a definite executive talent shortage as more credit unions tap first-timers as their CEOs. The job title comes with a hefty salary bump. The average pay increase for first-time CEOs is 32% compared to the 14% average pay increase for senior executives making moves to non-CEO positions. These pay increases have been higher than the old adage that it takes 20% to make someone move. The following chart shows this finding to be true across all asset ranges.

Asset Size	Pay Increase
\$100 - \$499 M	32%
\$500 - \$999 M	24%
\$1 B or greater	33%

What does it take for an executive to move to a CEO position?

According to D. Hilton's Executive Recruiting Practice, It's not just money. First-time hopefuls have a burning desire to be the boss and the road to the top job isn't going to be through their current shops. But with the amount of information available today, they know the compensation market and are not willing to move for a significant discount just for the opportunity."

D. Hilton's Executive Recruiting practice has found a combination of market-competitive base salary, a significant incentive opportunity and a commitment to offer a retention and/or retirement program (SERP) has the best opportunity for landing top CEO talent. The strategy of staggering compensation over short- and long-terms ensures the candidate is truly committed and is not simply using your credit union as a career stepping stone. Taking the attitude that you are giving the candidate his or her first shot and they should be happy with a below market pay package creates a higher potential for landing a job hopper.

David Hilton, founder of D. Hilton Associates said, "Because of the talent shortage, it is becoming less common to see a CEO-to-CEO transition." More credit unions have locked in their executives with long-term retention packages that ultimately take them off the market. "Unless a credit union is willing to make a candidate whole in terms of retirement, the candidate will not be interested. And in many cases, the price tag is simply not affordable."

D. Hilton's 20th Annual SERP Survey, published in 2023, found that an executive is more likely to consider an opportunity if it includes the retirement benefit of a SERP. The use of a SERP as a recruitment tool has steadily increased in recent years. More than

85% of executives would not even consider a job move unless the new opportunity included a SERP as part of the initial employment offer. While a SERP is often provided as a reward for leadership and performance success, D. Hilton expects the trend of including a SERP as part of the hiring negotiations to continue.

To what degree do SERPs really contribute to executive retention? More than 90% of executives say that their SERP is a meaningful retention tool. 82% of executives say their SERP was an important factor in staying in their current position, and 30% say a SERP was an important factor in accepting a different position.

In today's society, executives expect to earn a competitive compensation package. They routinely assess their compensation with other job opportunities. The best pay programs focus on the executive's personal needs and values. John Andrews, D. Hilton's Executive Compensation Practice Leader said, "In many cases the perceived value of a particular compensation component is much more important than the actual value of compensation. The higher the perceived value an award is, the more likely that award delivers motivation and results. And that's why it's so important to discuss these matters during the recruiting and selection process and not after you make an offer."



Three Keys to a Successful Offer

1 Move fast.

If you have made a decision, don't wait! Knowing your target compensation parameters before meeting the final candidates will help you draft the final offer faster. There is a not-so-subtle message as to the Board's decision-making style if it takes more than a week to make the offer. If possible, contact the selected candidate no later than the following day. Not only does it reduce the candidate's stress but demonstrates your enthusiasm to have him or her join your organization. It is a call — not a text, email or letter that sends the strongest message. It allows you to gauge the candidate's level of enthusiasm and demonstrate the Board's vote of confidence. Be sure to also outline what put the candidate over the top.

Be professional but be enthusiastic, it's not a poker game at this point. He or she is not going to raise their price because you believe they were the best fit for the organization. If you are working with a recruiter, it is not a bad idea to have them make the offer on your behalf. The Board/CEO relationship does not begin on the start date but instead at the job offer stage. Get the offer signed and make that first moment memorable for the candidate.

2 Now's not the time to save dollars.

Candidates know the market. Very few candidates will change jobs for the same or lower salary (and if they are willing to, it might be a big red flag that something is wrong). It is best not to make an offer below their current salary unless there are substantial reasons to do so. Explain pay and benefits as thoroughly as possible because not all compensation and benefits

programs show up on a paystub. Focus on the total compensation package, especially how your variable pay plan works (what's the upside) and your plan to address any retirement shortfalls. Tell them that you will follow-up with a written offer and make sure it matches your verbal offer. Avoid any "we will figure it out when you get here" items because you do not want any misunderstandings.

3 Close the date - Get a verbal commitment.

Everyone is taught to ask for time to discuss the offer over with friends and family. There is nothing wrong with you saying, "I understand that it's only natural to want some time to look things over, but what's your first impression of the offer? Are we close?" If you sense any hesitation, it may be the first sign of a rejection. Probe a little more without being pushy. Commit to a date and time that you will be following up with the offer in writing and make sure you include a deadline for formal acceptance. Be prepared for a counter-offer from their current employer by asking questions about how the candidate feels about giving notice, breaking the news to their Board, etc.



About the Author

John W. Andrews, CCP, CSCP, SPHR, Executive Vice President, specializes in executive compensation, board governance, sales and variable pay design, market research and strategic planning. Andrews has demonstrated competency as an executive compensation consultant, human resources trainer and strategic planning facilitator.

John has also worked with KPMG Peat Marwick, the Center for Coastal Studies and the National Association of Insurance Women. He has served as expert witness and executive compensation consultant to regulatory agencies such as the National Credit Union Administration, the Pennsylvania State Department of Banking and the California Department of Business Oversight.

John has diversified consulting experience where he has served as an executive compensation and organizational development consultant to numerous corporate, not-for-profit and trade association clients. Not-for-profit clients include the Texas Methodist Foundation, the ELCA Mission Investment Fund, the Texas Municipal League, The City of Yoakum, and The Woodlands Ballet Theatre.

He holds a Master's degree in Organizational Communication from Emerson College, Boston, and a B.S. degree from the University of Tulsa. John has held the Certified Compensation Professional designation of the World-at-Work Association since 1993 and the Senior Professional in Human Resources designation of the Society for Human Resource Management since 1996. Areas of certified competency include Job Analysis, Quantitative Analysis, Pay Structure Development, Performance Manager and Employee Benefits.

John has published articles in The Credit Union Executive, The Federal Credit Union, Credit Union Technology, The Eastern Communication Annual, Today's Insurance Women, The Public Relations Student Society of America Journal and Ball State University's Public Relations Journal. He has served as co-editor for D. Hilton's credit union executive, staff and benefits compensation surveys since 2003.

He has given speeches to the National Association of Federal Credit Unions, the Credit Union National Association, Credit Union Conferences, National Association of Credit Union Presidents, the International Telephone Credit Union Association, the League of IBM Credit Unions, the National Association of Insurance Women and numerous state credit union leagues.



d. hilton associates inc.

dhilton.com

D. Hilton compensation and SERP clients have access to our compensation consultants to assist with budget planning, performance management issues, market pricing of jobs and general human resource issues. If you are not a current compensation client, D. Hilton's Compensation Practice can create and implement compensation and incentive plans that allow you to attract and retain high performers. Should you have any questions related to D. Hilton's compensation consulting services, please call **John Andrews at (800) 367-0433, ext. 124** or email at john@dhilton.com.