

Beyond Compliance: Succession Planning and Executive Transitions in Credit Unions

Succession planning has always been a strategic need. Now it's a regulatory requirement too.

The National Credit Union Administration (NCUA) has created a rule that went into effect January 1, 2026, requiring every federally insured credit union to maintain a board-approved written succession plan that is consistent with its size, complexity, and risk profile.

Most organizations treat succession as shuffling chairs on an org chart rather than redesigning how critical roles, decisions, and relationships actually work. This is especially risky for credit unions whose leadership benches are often thin and whose member relationships are built on long-tenured trust.

This new requirement is an opportunity for credit unions to do what they should have always been doing: planning for executive transitions.

The regulatory requirement

At a high level, the new NCUA rule requires that:

- The board of a federally insured credit union establish a written succession plan that addresses specified positions vital to the operation and management of the credit union and contains certain information.
- The plan must be consistent with the credit union's size, complexity, and risk of operations, allowing smaller institutions to create simpler plans while still meeting minimum standards.
- The board must review the succession plan on a regular schedule, at least every 24 months, and newly appointed directors must develop a working familiarity with the plan within six months of joining the board.
- The rule applies to both federal credit unions and federally insured, state-chartered credit unions; for the latter, NCUA will defer to state succession planning requirements where they exist and do not conflict with the federal rule.

Examiners may now ask credit unions to provide their succession plan, making it a focal point in reviews of governance and executive practices.

The NCUA has framed the rule not only as a governance formality but as a tool to reduce unplanned mergers and protect members from instability when key leaders leave. Commentaries on the final rule emphasize that weak or absent succession planning has contributed to leadership gaps, rapid consolidations, and challenges in recruiting and retaining experienced executives.

A poorly handled CEO or other CXO transition can quickly erode member trust, unsettle staff, and distract the board from strategic work. In smaller cooperatives, a single unplanned departure can even threaten viability.

Why compliance alone is not enough

It is entirely possible to comply with the NCUA rule by producing a succinct, technically correct document that describes who might step in if the CEO or other executives were to leave. Several publicly available templates and training courses promise precisely that: a simple, fill-in-the-blanks plan that can be adopted quickly.

The risk is that such plans often remain static binders. They may name successors without addressing whether those individuals have the mandate, support, and systems required to succeed. They may focus on emergency coverage for vacancies while ignoring the broader question of whether the organization is evolving its leadership capabilities in line with strategy.

Executive transitions are crucially important, yet often under-supported, with many organizations investing more energy in the search process than in the actual design and support of the transition period. New leaders frequently enter roles with ambiguous mandates, unaddressed organizational dysfunction, and cultural dynamics that are left unnamed because they are politically uncomfortable to surface.

For credit unions, this can show up as:

- Promoting a long-tenured insider into the CEO role without revisiting whether the role itself should change to match new strategic realities
- Hiring an external executive with a strong resume but limited support to navigate a cooperative governance structure and community expectations
- Treating the first 90 days as a courtesy onboarding period rather than the time when key narratives about the new leader's effectiveness are being formed

When that happens, leaders can fail not because they lack talent but because the system around them was never intentionally redesigned.

Principles for effective succession planning and executive transitions

When a new leader first steps into a credit union role—especially CEO, CFO, or a key executive seat—there’s a brief window where people are more open to change. During this time, what the leader says and does—whether through emails, all-staff meetings, board conversations, or branch visits—carries extra weight, shaping perceptions and setting the tone for the future.

Human bias (for example, the Halo/Horns Effect, where a strong first impression colors all future interactions, and Confirmation Bias, which has people seeking out information that confirms their existing beliefs) can heavily influence how these early actions are received by your board, leadership team, and staff. Being mindful of these dynamics can help incoming leaders at credit unions navigate the start of their transition with greater impact.

Here are a few strategies to consider as you prepare for a leadership transition:

1. Be clear about continuity vs. change

One of the biggest uncertainties during a leadership transition is what will stay the same and what will change. Being transparent about both helps alleviate concerns, reduce anxiety, and build trust across the credit union—from the board room to the branches.

People want to know that you respect the credit union’s legacy, member relationships, and cooperative roots, but they also need to believe that progress is on the horizon: that you see the evolving needs of members, regulators, and communities, and are willing to adjust how the credit union operates to meet them.

2. Develop a strategic communication plan

Effective communication during a leadership transition is not one-size-fits-all. Different stakeholders have different concerns and priorities.

Your board needs clarity on strategy, risk, and succession implications. Your executive team needs a more detailed, candid view of what the future holds and what’s expected of them. Branch and back-office staff need to understand how this affects members, their day-to-day work, and their own growth.

Your communication strategy should include:

- **Tailored messages for different stakeholders:** Craft distinct communication plans for your board, executive team, people leaders, and the broader staff. This could mean targeted board sessions, focused conversations with your leadership team, small-group huddles with branch managers, and all-staff meetings for the entire credit union.

- **More than just “From-To”:** Clearly communicate what you plan to keep—especially aspects of culture, member service, risk posture, and the business model that have been successful—while also signaling a readiness for growth and transformation where members and the balance sheet need something different.
- **Consistent messaging:** Ensure your core message is clear and consistent across all formats—emails, intranet posts, branch visits, video updates, and leadership meetings. In a season of change, repetition is not a bug; it’s how people absorb and trust the story.
- **Multiple channels:** Use a variety of communication tools to meet people where they are. For a credit union, that might include emails, internal newsletters, town halls, site visits, and short video messages. The goal is for every employee to hear the message in a way that feels relevant and accessible.

3. Connect with culture keepers—but don’t stop there

Every credit union has people who are deeply connected to its culture and history: long-tenured branch leaders, respected back-office staff, influential board members, or former executives who still hold sway. Identifying these “culture keepers” and engaging with them is crucial, because they can provide insight into the unspoken norms and values that don’t show up in policies or org charts.

But more than just learning the culture, you have to walk a fine, critical line: understanding the norms while gently challenging areas that need improvement. For example, practices that once felt like “family” can, over time, turn into unhelpful avoidance of accountability or under-investment in new capabilities.

It’s also essential to learn how decision-making really works in your credit union—who has influence beyond their title, where the true centers of power reside (board committees, informal advisor groups, key vendors), and how authority is actually distributed. Knowing these dynamics helps you navigate the internal landscape more effectively and build alliances where they matter most.

4. Go deeper than a listening tour

Listening to the organization’s needs and concerns is a necessary first step for any new credit union leader, but this should go beyond a typical “listening tour.”

Instead of just hearing from different departments and branches, develop a strategy to synthesize and contextualize what your stakeholders are telling you. Go deeper by asking probing questions about:

- Pain points in serving members (for example, slow lending processes, outdated digital tools, or unclear policies).
- Successes and bright spots that should be preserved and scaled.
- What’s holding the credit union back—from regulatory compliance frictions to legacy systems to unspoken agreements about “how we do things here.”

Also, pay attention to the “broken shelves”—the long-standing issues that people have learned to live with, such as manual workarounds, outdated policies, or governance habits that everyone complains

about but no one expects to change. These are often structural or process-related problems that have been ignored for so long they've become accepted as normal.

Overcoming these challenges requires more than a beautifully laid-out 100-day plan. In fact, over-planning before all the facts are in can create more problems than it solves. Instead, spend your first 90 days listening, learning, and assessing the situation: conduct interviews with board members, key leaders, frontline staff, and community partners; build relationships; and observe how the credit union really functions in practice.

Use this time to gather information on key issues, dynamics, and opportunities for improvement. Then, in the last 10 days of your initial transition period, circle back to your board and leadership team with a clear, well-informed plan that reflects what you've learned—rather than assumptions you made before stepping into the role.

Planning for inherent risks

If not handled carefully, leadership shifts can lead to setbacks that might derail the credit union's progress for the long term. Common pitfalls include:

- **Unplanned and unwanted exits:** Uncertainty about the future, misalignment with the new leader's vision, or feelings of being overlooked can prompt valuable team members to leave. In a credit union, that often means losing long-standing relationships with members, plus critical operational knowledge, to competitors down the street.
- **Losing focus and momentum:** Key projects—core conversion, new lending products, digital upgrades, DEI or culture work—may stall as everyone adjusts to new leadership. This can lead to withdrawal or unproductive behaviors like office politics, quiet resistance, or informal cliques.
- **Unhelpful workarounds:** Without clear direction, people may start doing things their own way or rely on personal relationships to navigate uncertainty. Over time, that undermines the new leader's authority, weakens risk controls, and fragments member experience.
- **The predecessor's shadow:** A former CEO's or executive's influence can linger, especially if they were with the credit union for a long time or remain in a different role (for example, on the board or as an advisor). If roles are not made clear and behaviors are not aligned, this shadow can become a major hurdle for the incoming leader.

Crafting a thoughtful exit plan

For outgoing leaders, your final acts can shape the future success of your successor and your credit union. To ensure a smooth transition, consider the following:

- **Make the tough calls:** Where possible, address challenging decisions—like personnel changes, budget cuts, product rationalization, or branch decisions—so they don’t all fall to your successor in their first months.
- **Ensure a thorough information transfer:** Provide comprehensive documentation and insights to your successor: key member and community relationships, regulatory issues, board dynamics, vendor risks, and “watch-out” areas. A clear transfer of knowledge prevents unnecessary setbacks.
- **Facilitate relationship handovers:** Introduce your successor to key relationships, both internally and externally—board and committee leaders, regulators, auditors, CUSOs, community partners, and major SEG or business members. Building early trust with these stakeholders is critical for their success.
- **Communicate confidence:** Publicly express support and confidence in your successor across various forums—board meetings, all-staff communications, member-facing events. Your endorsement helps build credibility and trust quickly.
- **Manage resistant stakeholders:** Develop a strategy to address stakeholders who may resist the leadership change, ensuring they understand the reasons for the transition and the continued stability and safety of the credit union.

By taking these steps, outgoing leaders can leave their credit union in a stronger position and set up their successors for success.

Transition and growth for everyone

Thoughtful boards and executives see a leadership transition as a chance for the whole credit union to reflect, refresh, and evolve into something even better than it was before. The change shakes up the status quo, offering a unique opportunity to improve practices, realign goals, and foster a culture that’s ready for new regulatory, competitive, and member-driven challenges.

To capitalize on this opportunity, consider the following points:

- **Resetting relationships:** Existing relationships can be both a blessing and a curse. While familiarity might make initial interactions smoother, it can also make it harder to adjust roles and expectations. Leaders moving up from within the credit union—especially shifting from peer to senior leader—need to actively renegotiate how they work with former colleagues to establish their new role, authority, and vision.
- **Encouraging professional development:** Use this period to promote learning and growth across the organization. Offer development opportunities that align with the evolving direction of

the credit union—whether that’s digital capability, data literacy, inclusive leadership, or member-experience skills.

- **Realigning goals and objectives:** Revisit the credit union’s mission, strategic plan, and member value proposition. Engage teams in setting new objectives that reflect the fresh vision, ensuring everyone—from the board to frontline staff—is moving in the same direction.

Executive transitions matter because they’re turning points that can significantly influence a credit union’s trajectory. By understanding the unique opportunities and potential bumps they present, leaders and teams can proactively manage the change to maximize positive outcomes. Embracing the shift as a shared opportunity sets the stage for renewed focus, better collaboration, and lasting success for members and the communities you serve.

About BOxD

BOxD (Better Organizations by Design) is an organizational consulting firm that helps credit union leaders see what’s hard to see from the inside. The misaligned structures. The unspoken friction points. The quiet incentives that reinforce bad behaviors.

This approach applies to succession planning. BOxD partners with boards and executives to design written, regulator-ready succession plans and to support real-world executive transitions, so leadership changes strengthen culture, performance, and member service instead of disrupting them.

[Find us at boxd.us](https://boxd.us)

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