

Training the Board of Directors

LAST YEAR WE SOLIDIFIED OUR JOB-BASED TRAINING APPROACH. Then we built upon that momentum to cover the different ways to train, creating engaging training and testing. As we continue our second year together, let's keep stretching our skills with practical applications. For this session, let's try one of the newer aerobics classes: Spinning. Let's pump up the tunes and start pedaling.

When we concluded our last session on Bank Secrecy Act (BSA) training, we noted that we need to train our board of directors and keep them informed of changes and developments so that they can provide adequate

oversight. Of course, there are other key topics for you to apprise your Board of too. Let's put the spin on how you can provide a comprehensive training program for your board of directors.

Getting in Gear

A good spinning class starts with a warm-up period to ease you into the session. While we are gearing up to hit our stride, let's consider how we prepare for a session with the board. While we usually have control over how we train our line staff, including the type of training and the length of time we need, we may not have this luxury when we talk to directors. Often, the duration and presentation style are dictated to us. As a result, we need to make the most of that time by getting board members' attention fast and making the most of it.

As we gear up for the virtual hills we will soon be riding up, consider what you know about your audience. Generally speaking, you should address them at an eighth-grade level (think *The Wall Street Journal*). This is true regardless of what you think their actual capabilities are. Stick to the basics, going into only as much detail as the situation commands. For example, if you are conducting annual BSA training you can stay at a relatively superficial level. On the other hand, if you are educating your audience on an exam issue you need to delve much further into the proverbial weeds.

Frequently we are asked to submit board materials well in advance of the actual meeting. This information is sent to board members to brief them for the session. These days there are penalties for inattentive board members, so most directors are conscientious about preparing for the meeting. Consider putting your background material into this packet so you can immediately get to the heart of your presentation. Include basic definitions that will be helpful for the discussion too.



You should also prepare a simple Powerpoint presentation covering your agenda. For this audience, use minimal graphics and ensure that you have lots of white space on the slides. If you use acronyms, spell them out at least once to make sure everyone is on the same page. You don't want the board scratching its collective head as to why the Boy Scouts of America are suddenly so important to you.

If you know that a serious problem exists, be honest about it. And if you need something specific from them, call it out as an action item.

Out of the Saddle

When you reach a virtual hill, your instructor will tell you to "climb out of the saddle," pedaling in a standing position to create a more rigorous workout. The first (very real) hill that we need to cross with our board is BSA. The regulators have stated their desire that you train the board on any regulatory changes that have occurred since your last annual presentation to make them more fit to oversee the program. It is also a good idea to ensure that they understand the environment you operate in by explaining the types and amounts of penalties that have been assessed. Also include a brief summary of directors' regulatory responsibilities.

Because Reg. O directly affects your board, it is a good idea to regularly remind them of their duties and what you need from them. For example, because you must annually ask them for their related interests it is helpful to walk through that definition so that they can provide you with more meaningful responses. This session should be held shortly before your request for that information to avoid any uphill battles with completion. Make sure that they know how to reach you should they have questions when board members receive the form.

Other issues will come up that you will need to train your board on from time to time. You will want to educate them on new and revised rules that will significantly affect your operations. For example, if your bank makes nontraditional or subprime mortgage loans, train the board on the guidance that was recently issued so they understand what it means to the bank. You should also train them on internal issues that may become public. For example, if your Home Mortgage Disclosure Act (HMDA) public data might make the news, be sure you talk to the board about it first to educate members on the background of the regulation as well as why the data is pertinent. Finally, if there is an exam issue that may result in penalties, make sure you train your board on the basics of the underlying regulatory rules *before* your regulators talk to them. For all problems that you discuss with directors, anticipate their questions and come prepared with root cause analysis and what you will do to resolve it so that you can present the full picture during your training session.


Sprints

Some spinning classes focus on speed work, taking you through a relatively flat course at a rapid pace. Because you probably will have to sprint through your time with the board, you will want to utilize those minutes as best you can. One way to do this is to make sure directors understand the fines and penalties being assessed in the industry so that there is no misunderstanding about how serious your subject matter is and why they need to pay rapt attention. You might also explain how it could affect them personally, especially if they could be fined individually for the bank's noncompliance.

You won't be able to use music or virtual biking routes to keep the board's attention. You also will likely not be able to use the same techniques on them that you can with your line units. For instance, while the Training Room generally advocates humor in training, a presentation to the board of directors is a place to limit humor.

You'll be riding a fine line as to tone; make sure you don't talk down to them, but don't assume they are subject matter experts. Don't dive too far into the details—tell them just what they need to know. If you know that a serious problem exists, be honest about it. And if you need something specific from them, call it out as an action item.

Another slick way to get the board's attention is to provide members with a unique takeaway to keep them focused on your issue. For example, you can laminate a one-pager with a summary of your session. (Don't most of us hesitate to throw away laminated information?)

We've spent some time today talking about how to capitalize on this specialized audience's attention. Because this is such a crucial step in effective training, let's talk in your next session about some ideas for keeping a general audience captivated. See you then. 

ABOUT THE AUTHOR

Meg Sczyrba, CRCM & CRP, is the director of global credit and regulatory support at PayPal. Prior to joining PayPal, she served as the compliance processes manager at Washington Mutual in Seattle, Wash. She has more than 15 years of experience in the banking industry and has spent a substantial amount of time building training solutions at several banks. Ms. Sczyrba is a member of the ABA Bank Compliance magazine's editorial advisory board, ABA School Board, and the California Bankers' Regulatory Compliance Committee. She is a former member of the Institute of Certified Bankers' CRCM Advisory Board and the ABA's Compliance Executive Committee. She also speaks on various topics at industry conferences. Ms. Sczyrba attended the University of Missouri-Columbia where she earned a bachelor's degree and a J.D. In a previous life, she was an attorney. Reach her via e-mail at mscopyrba@paypal.com; she's happy to share any training information in her library or to answer any questions you may have regarding training.