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Learning 'Best Practices' Is Not Just A Best Practice In And Of Itself

By Ron Schmidt

The concept of "best practices" is routinely used when discussing benchmarking operational approaches. Establishing benchmark best practices are reliable methods that over time prove to have desirable outcomes.

They result from experiences and are copied throughout the organization, helping create the "ethos" or characteristic habits of the organization.

Once these practices are institutionalized, management is rewarded. However, best practices only ensure success when leadership is held accountable. A participative democratic style of leadership certainly aids in accountability as opposed to an authoritarian style.

Again, it must be stressed: *best practices only ensure success when leadership is held accountable.*

In fact, the procedures may give us a false sense of security. What do I mean by this? "Best practices" doesn't mean that we always follow the best practices. Consider the following example. The Best Credit Union seems like it does all the right things. It has $2 billion in assets, a dozen branches, 8% capital and meticulously formulates its budget. Its three-month budget process includes all management responsible for profit centers and is artfully communicated to management and levels below. Once the goals are established, an action plan takes it through the next year. This budget process exemplifies the credit union's best practice to a "T."

However, best practices break down when the plan is not followed or additions are made later. In our example, one of The Best's growth goals is to acquire credit unions with capital greater than 9%, management and membership with an above average reputation and located in an urban area. But let's say our executive, Mr. I Know The Best, gets a tip on a $400-million dollar credit union in a rural area with 7% capital and the regulator's breathing down management's neck. Mr. I Know The Best is champing at the bit for this acquisition. The management team cowers to the executive and ignores the best practices that have been established and agrees to the acquisition. Fifteen months later the acquisition is a bust and The Best slumps to 7.25% capital.

"What happened?" asks the board. "We thought we had 'best practices.' Where did we go wrong? How did management fail us?"

The example illustrates that having best practices alone is not enough. When procedures are established but not followed, they quickly become a veil that all is well. Despite having them, if any facet of our leadership ignores them, things will quickly go downhill. Our leaders need to be held accountable for their actions–to each other, to the board of directors, to the staff and ultimately to the members–otherwise our best practices become vulnerable.

Accountability is present when leaders (i.e. management team) are responsive to one another. An inclusive style of idea sharing is, in the long run, superior to an authoritative approach. Best practices are operational; so what checks have you created to hold your leaders, and yourself, accountable?

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