

MasterClass for Emerging Credit Union Leaders

Avoiding Leadership Failure

M SMITH | LAW_{PLLC}



2026 Employees
Conference
CUs Together Conferences



Maurice Smith is the retired CEO of Local Government Federal Credit Union and Civic FCU.

Smith and his wife have two children and live in Cary, North Carolina. He is a Deacon at Wake Chapel Church in Raleigh, North Carolina, and participates in several community and civic activities.

Smith is a self-proclaimed cooperative nerd. He believes that a business model that empowers its members to engage in democratic, self-help, classless principles is superior to other business types. As a fan of credit union ideals, Smith is avid about his beliefs or your clients' legacy.

Maurice R. Smith
Attorney & Counselor at Law

Tale of the Tape

Speaker's Credentials on this Subject



EDUCATION

- Juris Doctorate, North Carolina Central University Law School, Durham, NC 2005
- Bachelor of Science in Business Administration, University of North Carolina, Wilmington, NC 1979

PROFESSIONAL EXPERIENCE

- M Smith Law, PLLC, Raleigh, North Carolina. Est. 2005
 - ✓ Founder and Owner
- Local Government Federal Credit Union (LGFCU), Civic Federal Credit Union, Raleigh, NC,
 - ✓ Executive Vice-President
 - ✓ CEO (1992–2023)
- State Employees Credit Union Raleigh, NC 1979–1992
 - ✓ Vice President, Member Education
 - ✓ Vice President/City Executive
 - ✓ Loan Officer

LICENSES & ADMISSIONS

- North Carolina State Bar
- District of Columbia Bar
- United States Supreme Court Bar
- United States District Court – Eastern District of North Carolina
- Certified Superior Court Mediator (North Carolina)
- North Carolina Real Estate Broker

PROFESSIONAL AWARDS & RECOGNITION

- Cooperative Hall of Fame, NCBA CLUSA 2023
- Advancing Equity Award, Carolinas Credit Union Foundation 2022
- Diversity Equity Inclusion Trailblazer, African American Credit Union 2021
- Lifetime Achievement, National Credit Union Foundation 2020
- Hall of Fame, Credit Union Executive Society 2020
- Pete Crear Lifetime Achievement, African American Credit Union Coalition 2020
- Annie Vamper Award, inclusiv[®] 2019
- Hall of Fame, African American Credit Union Coalition 2017
- Lifetime Achievement, Cameron School of Business, UNCW 2016





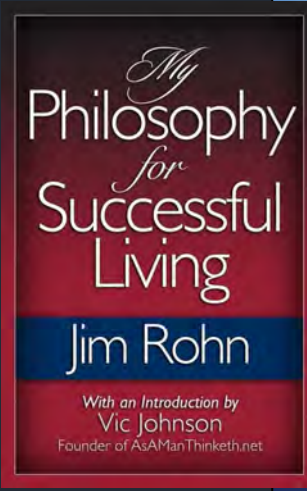
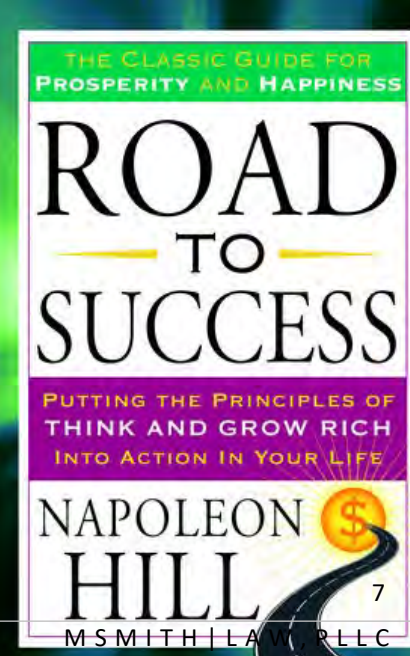
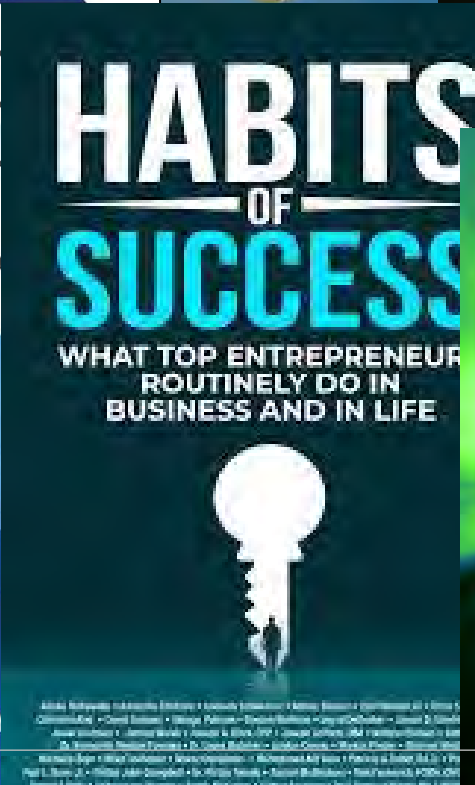
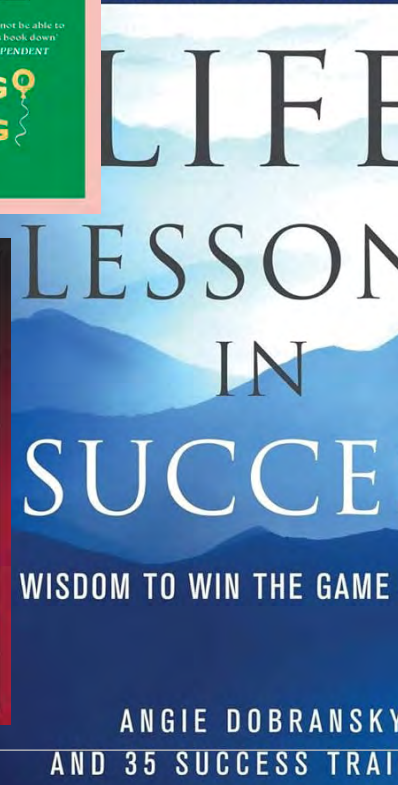
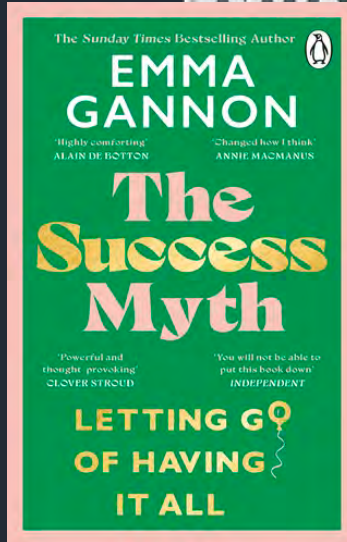
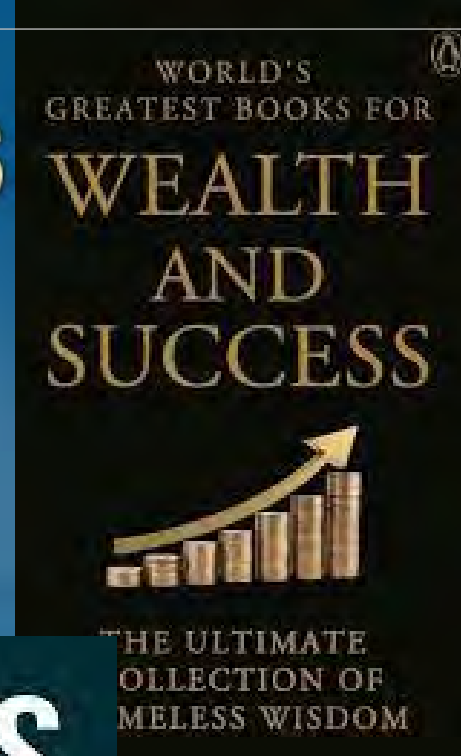
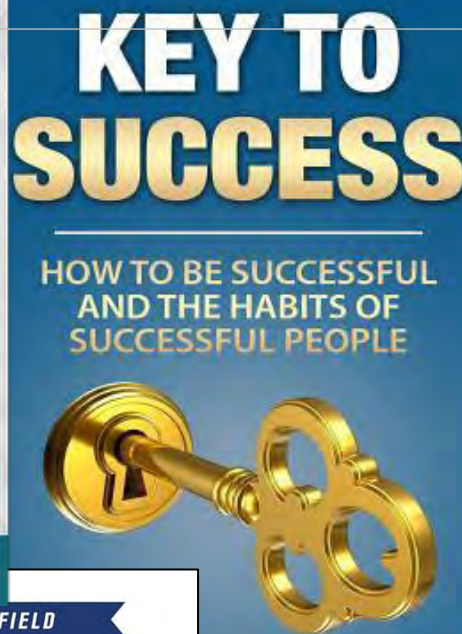
I Have a Vested Interest in You.

Transitive Theory of Mathematics

If **A = B & B = C**

then **A = C**

Lots of Advice on Success





A woman with dark, curly hair is shown in profile, looking out a window. The background is a blurred city skyline with tall buildings under a bright sky. The overall tone is professional and aspirational.

SUPPOSITION # 1

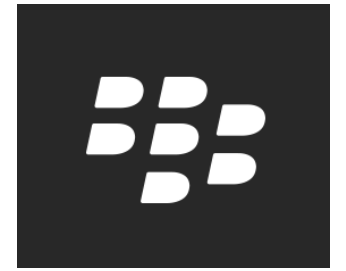
Success \neq Failure

Failures Happen

FAMOUS ORGANIZATIONS THAT FAILED



FTX



CREDIT SUISSE



BED BATH & BEYOND



motorola



myspace



RadioShack



BankUnited



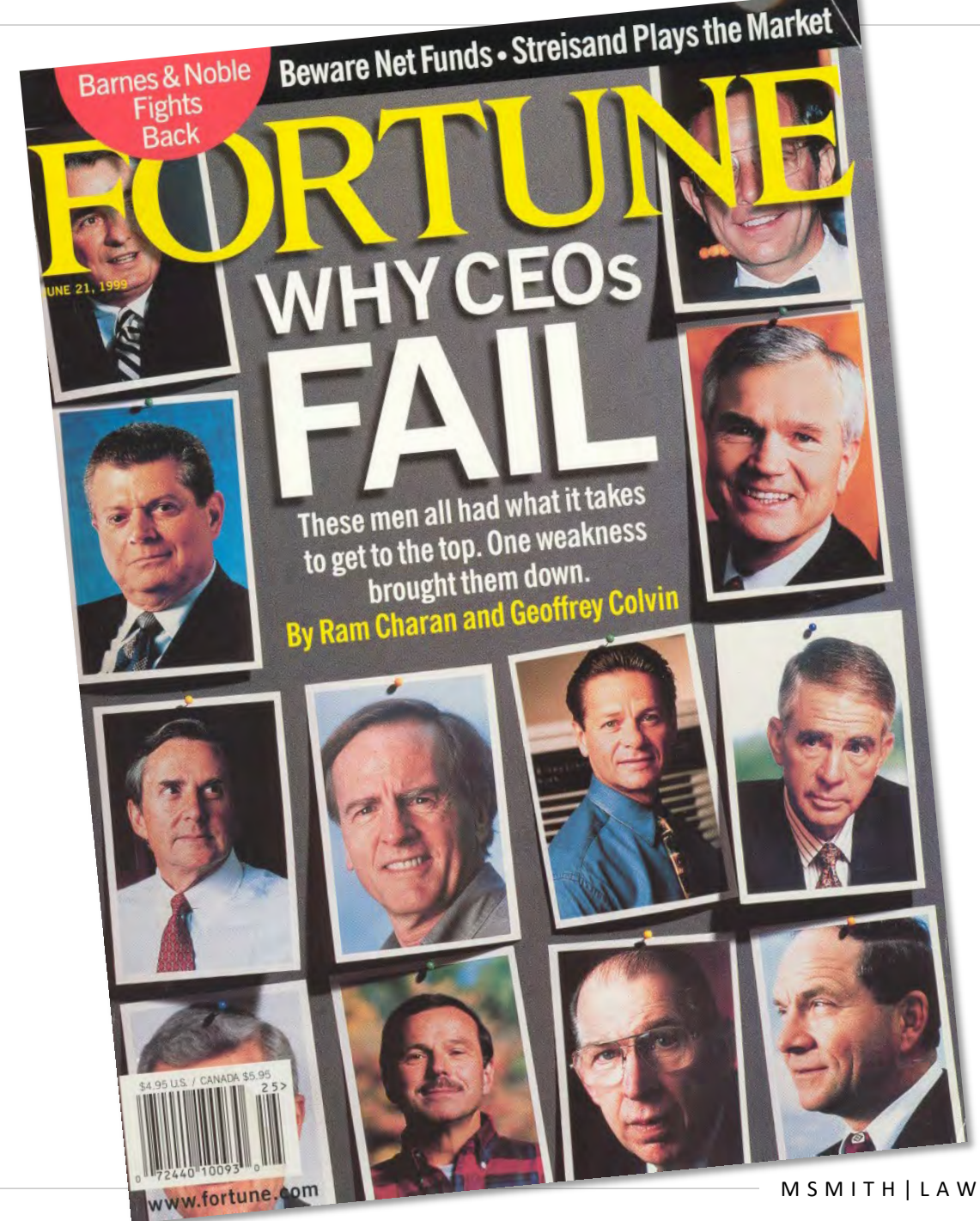
LEHMAN BROTHERS

Washington Mutual

Failures Happen

LEADERSHIP SUCCESS IS NOT INEVITABLE.

- This is a 1999 article that chronicles the reasons some CEOs were ineffective.
- These were successful corporate leaders. They did not lack intelligence, a workable strategy, or experience.
- The article teaches us leadership for today is not a guarantee of future success.
- SPOILER ALERT: The Achilles Heel for them was bad execution. As simple as that: not getting things done, being indecisive, not delivering on commitments.



Why CEOs Fail

- Sometimes they adopt a **strategy so flawed** that it's doomed.
- They **refuse to confront reality** in their markets.
- They antagonize their boards.
- Failure to put the right people in the right jobs and the **failure to fix people problems** in time.
- Unable to deal with a few key subordinates whose sustained poor performance deeply harms the company.
- Their inner voice is telling them there is a problem, but they suppressed it.
- **Did not seek information from multiple sources.**
- CEO was a victim of "**intellectual seduction**," installing a subordinate so talented that the CEO persuades himself failure is impossible.
- The board began to worry the CEO is **not developing the company's leadership**.
- Decision and Process gridlock paralyzed action.
- The CEO avoided facing market realities.
- **Concocted frequent excuses** and rationalizations that were part of a mechanism for avoidance.

These Problem Led to Ineffective Execution.

Phone Calls to CEOs



Conversations with CEOs

Here's some sage advice I received from CEO colleagues about how to succeed in the role of organization leader.

1 | Find Your Authentic Management Style & Voice

2 | Seek Fair Compensation Philosophy for Credit Union

3 | Hire Direct Reports That You & Others Trust

4 | Show No Favoritism Among the Directors

5 | Show Deference & Respect to the Board

6 | Practice Sustainable Work/Life Balance

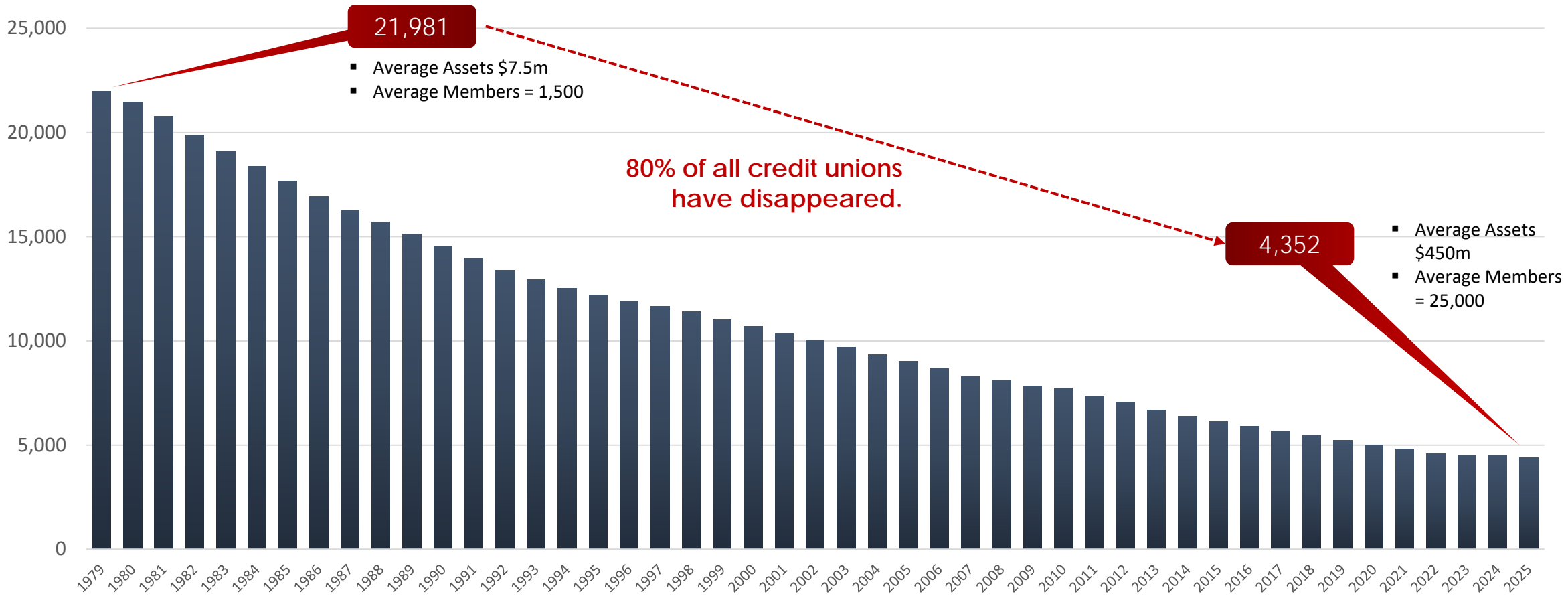
7 | Always Communicate Effectively with the Board

8 | Be Mindful of Corporate Culture & History

9 | Show Humility Respect to Everyone

10 | Build a Diverse List of Advisors & Mentors

Credit Union Consolidation



OIC Material Loss Reviews

- Questionable Management Integrity, Financial Reporting, and Performance
- Weak or Inadequate Board, Management & Supervisory Committee Oversight
- Lack of Regulatory Oversight
- Lack of adequate Board, CEO & Staff Succession Planning
- Loss of Sponsor
- Increasing Competitive Pressures
- Lack of Strategic Planning
- Uncompetitive services
- Governance Issues
- Loan Concentrations
- Weak Allowance for Losses
- Business Model and Strategy
- Excessive Operating Expenses
- Operational Irregularities
- Difficulty of attracting/retaining qualified CEO/staff
- Financial Challenges
- Aging Membership



Ask ChatGPT Why People Fail



No Preparation:

They don't adequately prepare, plan, or build the necessary skills before taking action.



Lack of Persistence:

They give up too soon when success often requires resilience through repeated setbacks.



Time Management:

Mismanaging time or priorities can cause people to fall behind or miss opportunities.



External Factors:

Economic downturns, personal tragedies, or other forces outside their control.



Fear of Failure:

Fear can paralyze decision-making, cause hesitation, or lead to self-sabotage.



Poor Relationships:

Burned bridges, lack of mentorship, or failure to work well with others.



Lack of Focus:

Spreading energy too thin across many goals prevents mastery and completion.



Lack of Self-Awareness:

Not understanding one's strengths, weaknesses, or blind spots can lead to repeated mistakes.

Failure Symptoms

Procrastination Lack of Persistence Superstition
Ill-discipline **Egotism** **Arrogance** **Hubris** Financial
Customer **Disconnect** Growing Too Quickly Mismanagement
Intemperance Lack of Vision Lawlessness Lack Motivation
Volatility Lack of Vision **Lack of Ambition**
Prejudice **Negligence** Passive Resistance
Negative Personality
Lack of Research Aloofness **Mischievousness**
Not Having a **Business Plan** No Business Goals **Habitual Distrust**
Intolerance Poor Marketing **Failing to Adapt**
Lack of Focus Complacent Ill Health **Perfectionism**
Loss Issue Indiscriminate Spending **Eccentricity**
Inability to Cooperate Poor Reporting Channels
Insufficient Education **Vanity** **Melodrama** **Excessive Caution**
Ineffective Communications

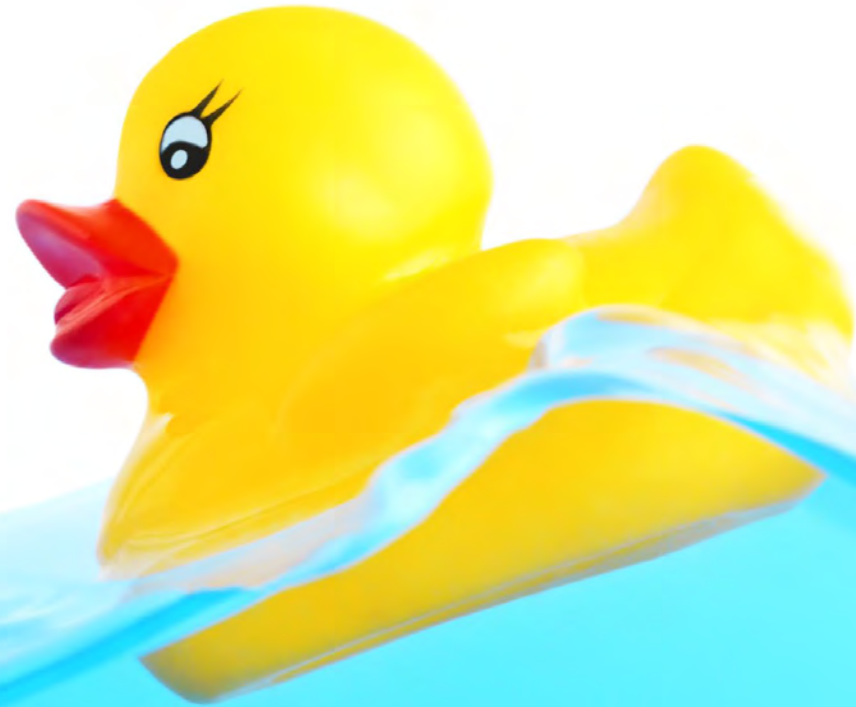


A photograph of a man with a grey beard and glasses, looking out a window. He is wearing a green sweater. The background is a window with light coming through, creating a soft, blurred effect.

SUPPOSITION #2

Failure is Often Predictable & Foreseeable

Leadership Curve[®] Theory



Leadership Curve Theory

LEADERSHIP IS A MOVING TARGET

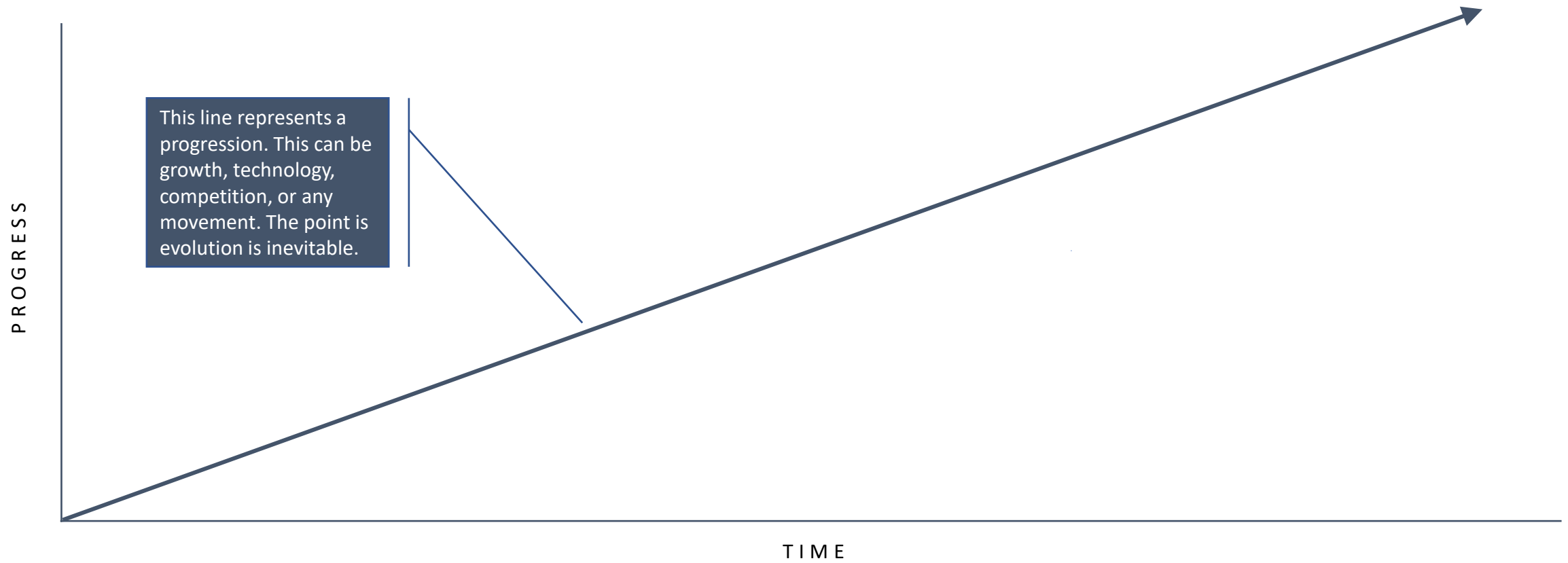
- Whatever you think about leadership today, it will be different tomorrow.
- The secret to becoming a successful leader begins with the understanding of how failure can occur.
- Organizations are surrounded by change from the world, industry, technology, labor forces, societal norms, economics, government regulations, and world politics.
- An astute leader understands the inherent pressures that present natural friction to success.
- The Leadership Curve Theory illustrates the seasons for progress and failure.

THE THEORY

- The Leadership Curve is a way to explain why failure is so prevalent.
- Most failures do not occur summarily. The signs are predictable.
- Here is a theoretical approach to leadership progression and the natural forces that create friction to success.
- The assumptions are built on field observations.
- You are invited to offer peer review to the Leadership Curve dilemma to help validate the assumptions and solutions.

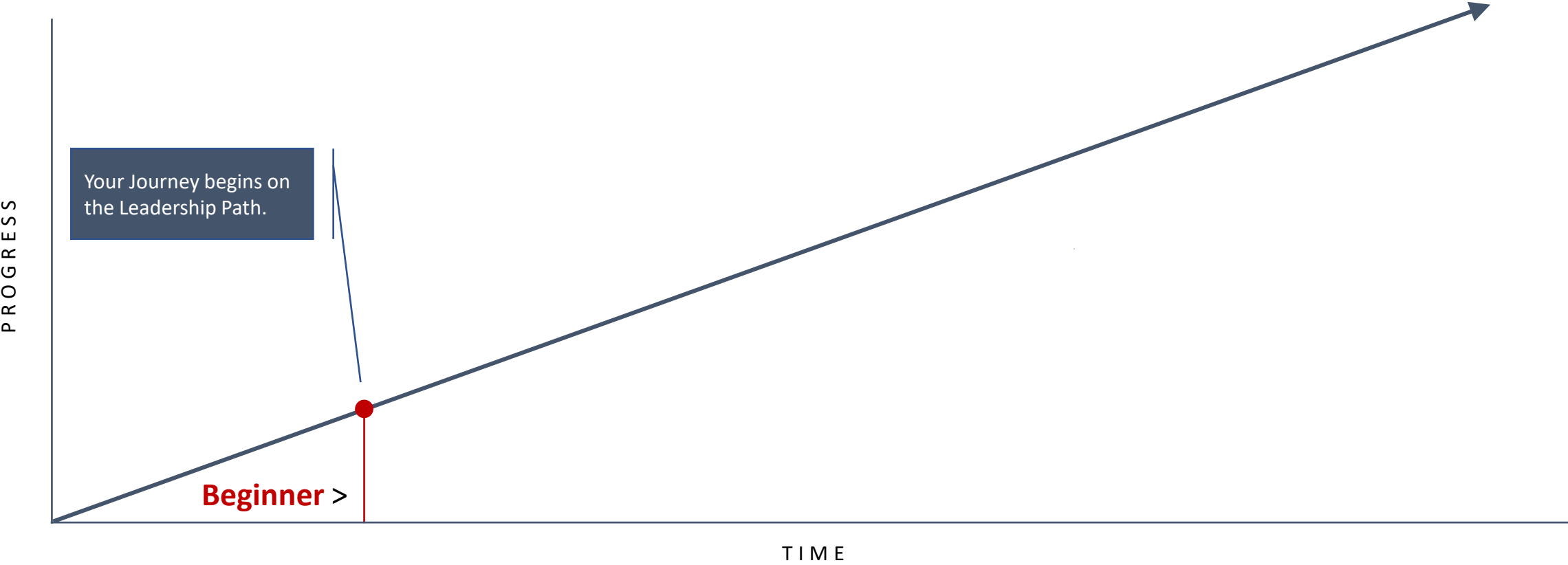
Leadership Curve Theory

LEADERSHIP PATH



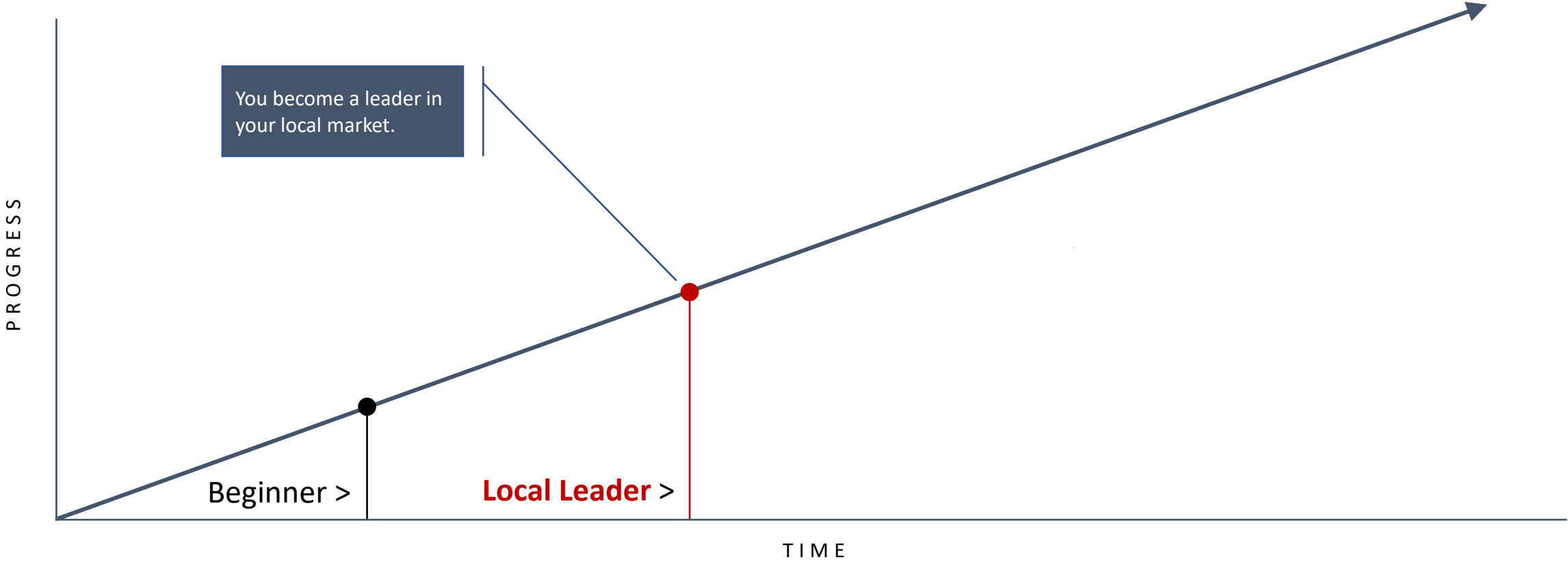
Leadership Curve Theory

LEADERSHIP PATH



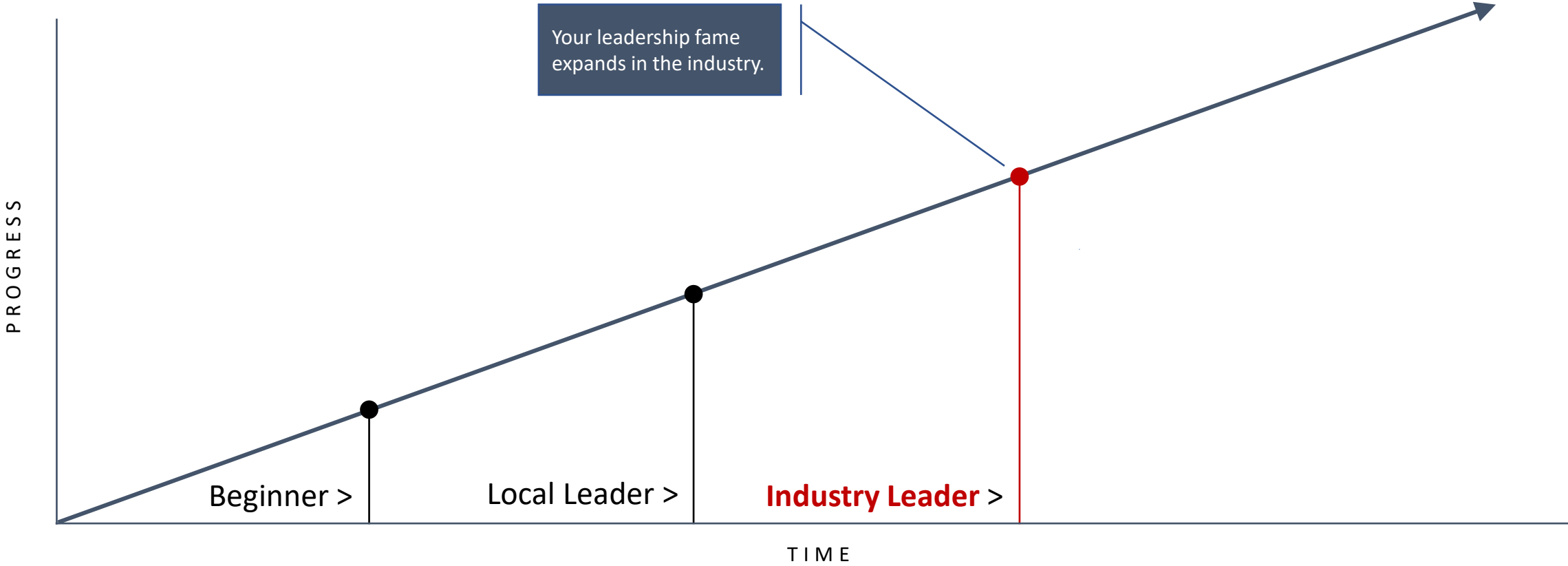
Leadership Curve Theory

LEADERSHIP PATH



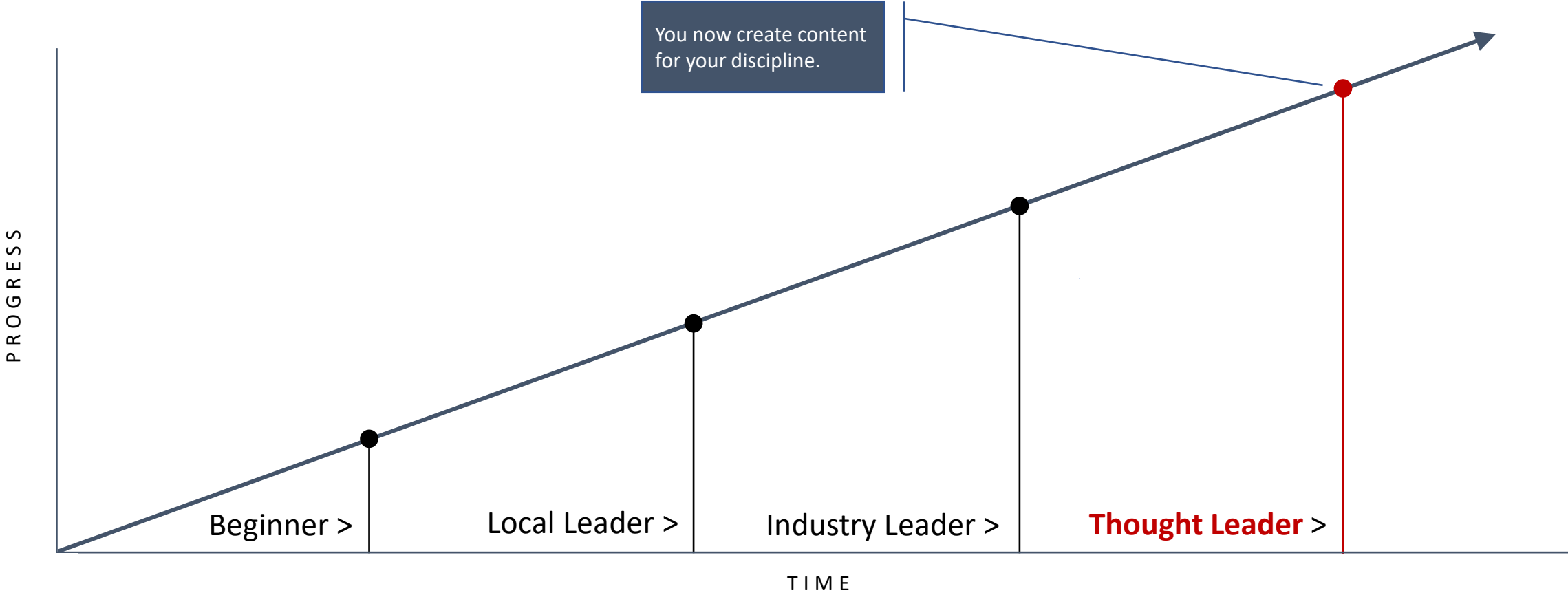
Leadership Curve Theory

LEADERSHIP PATH



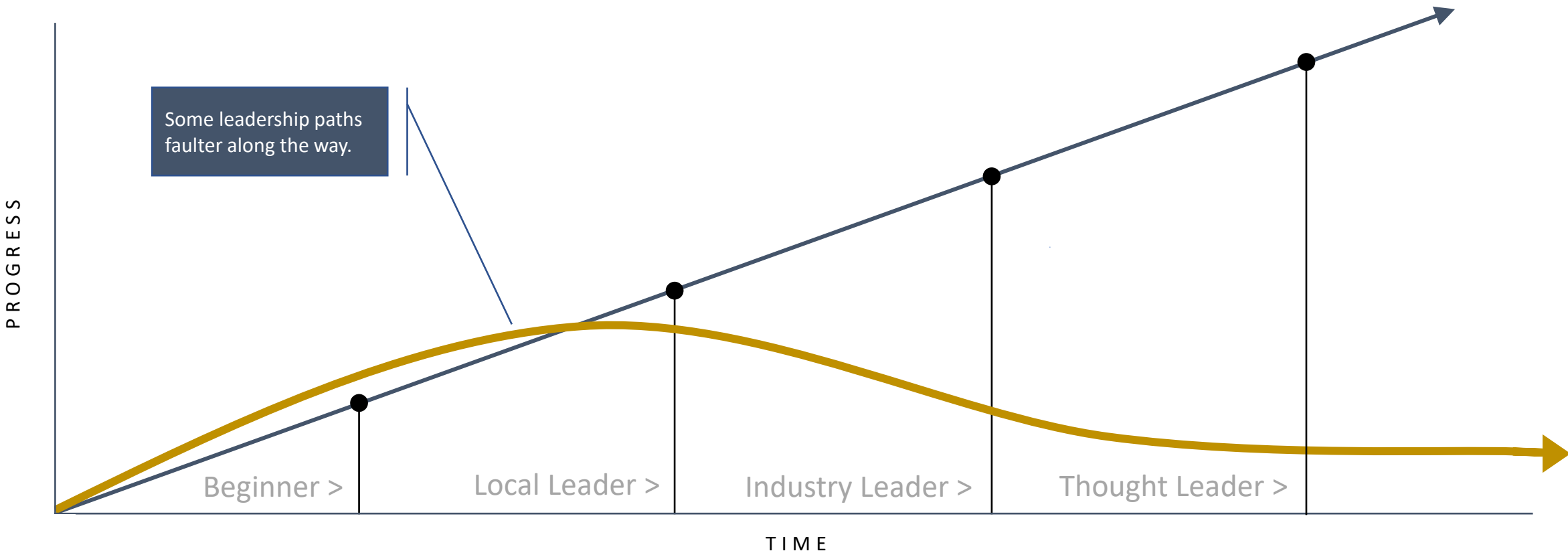
Leadership Curve Theory

LEADERSHIP PATH



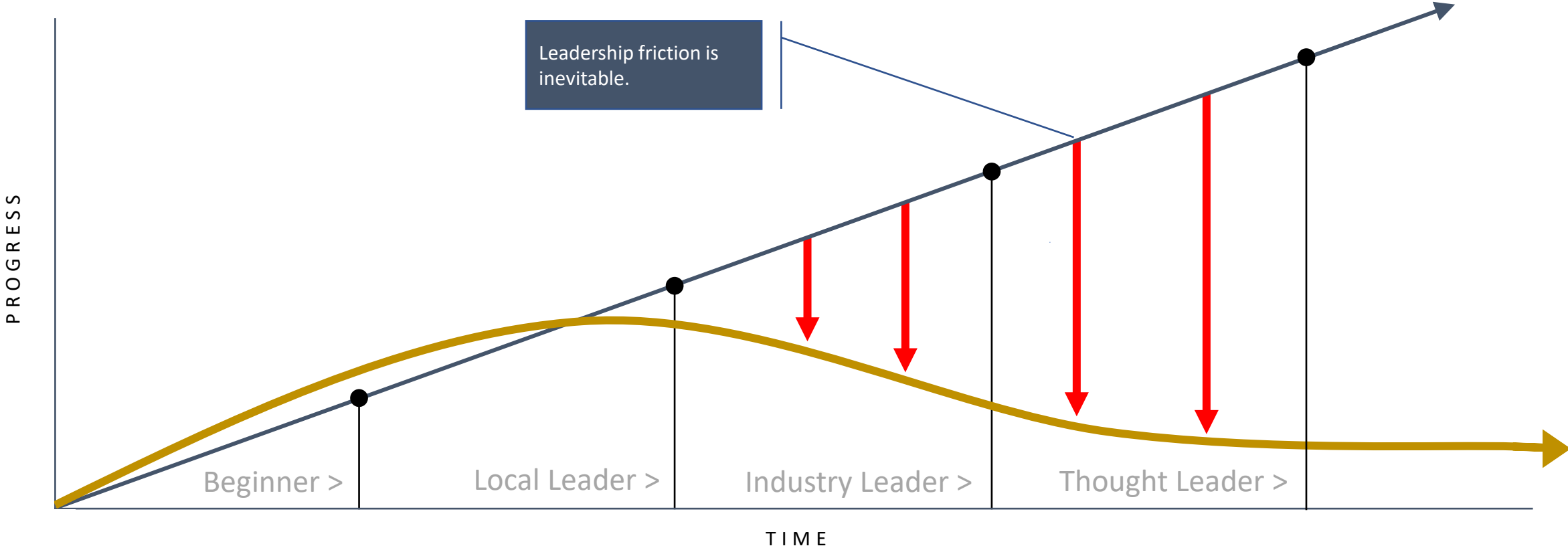
Leadership Curve Theory

LEADERSHIP PATH



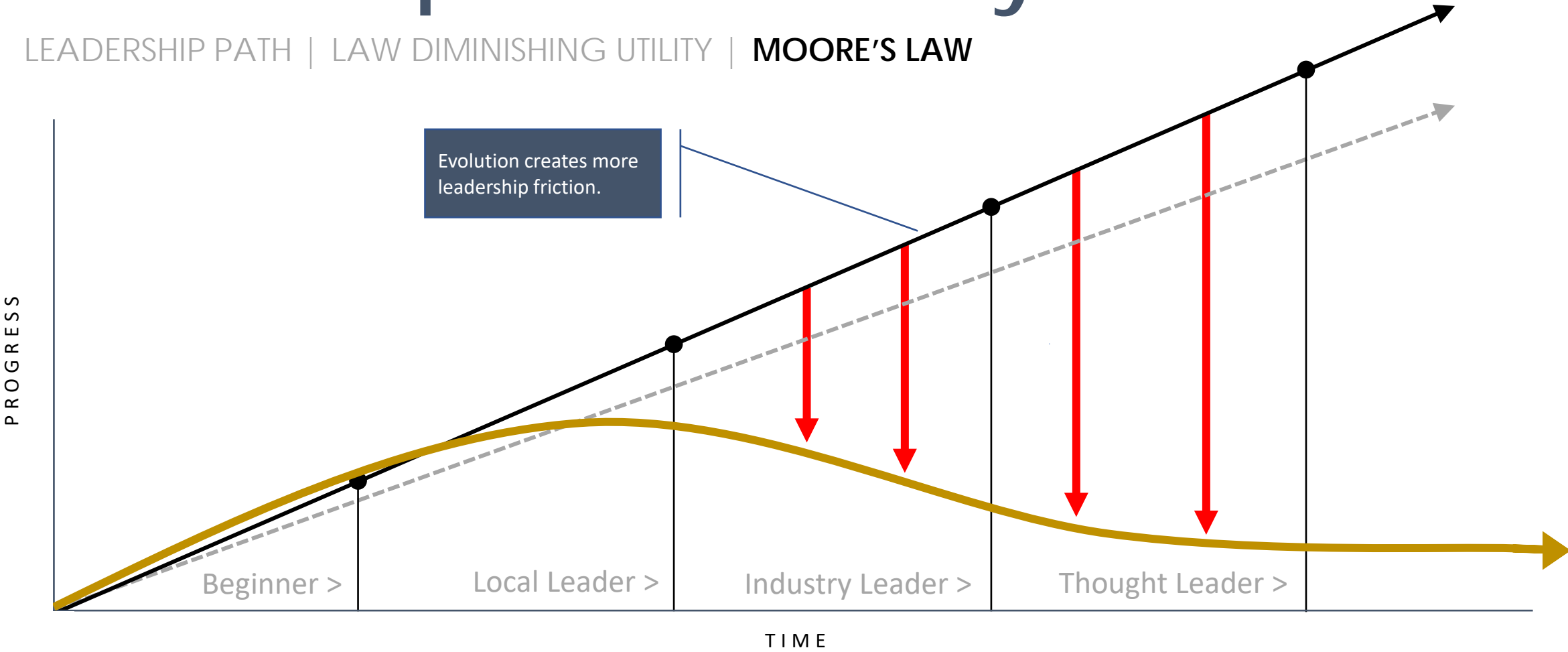
Leadership Curve Theory

LEADERSHIP PATH | LAW DIMINISHING UTILITY



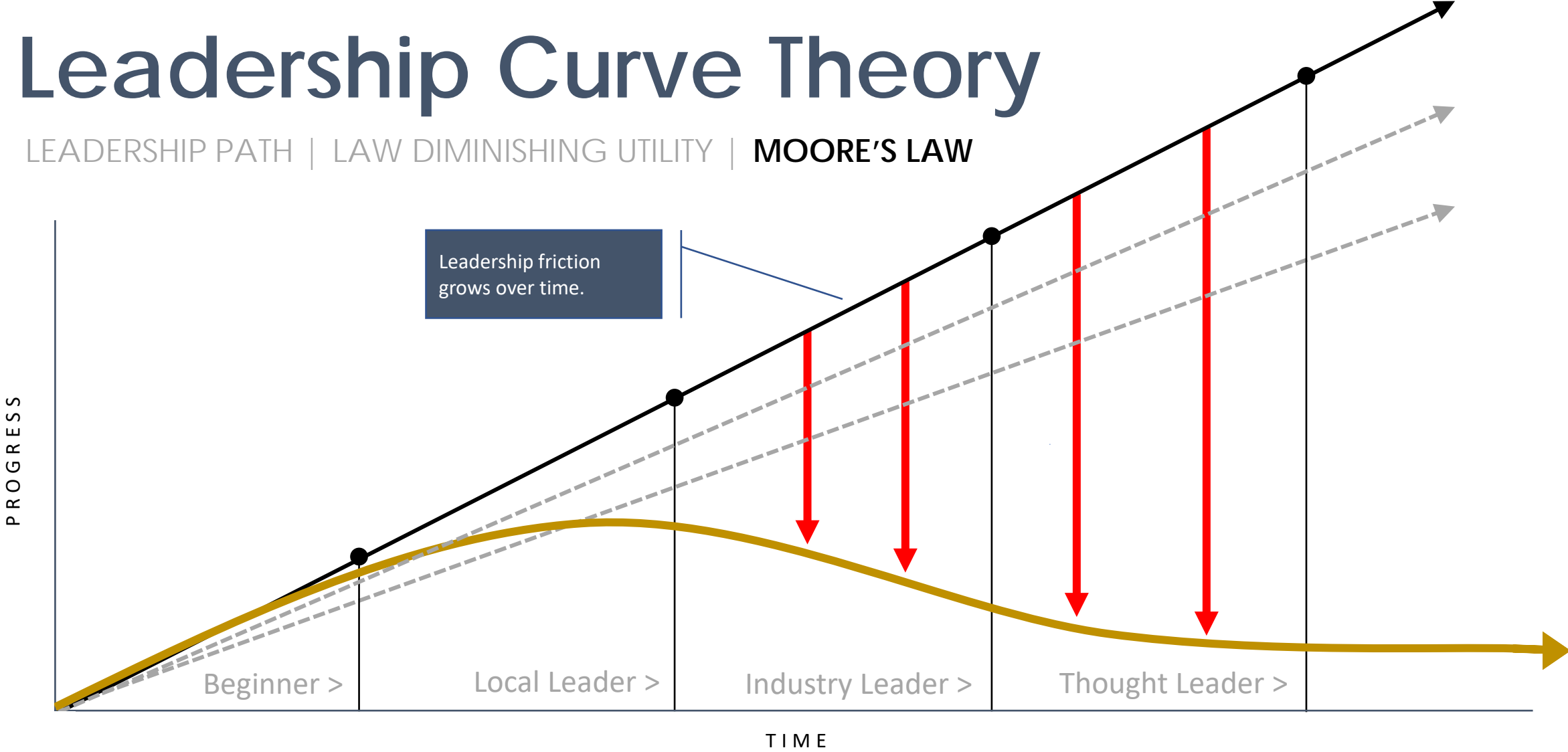
Leadership Curve Theory

LEADERSHIP PATH | LAW DIMINISHING UTILITY | MOORE'S LAW



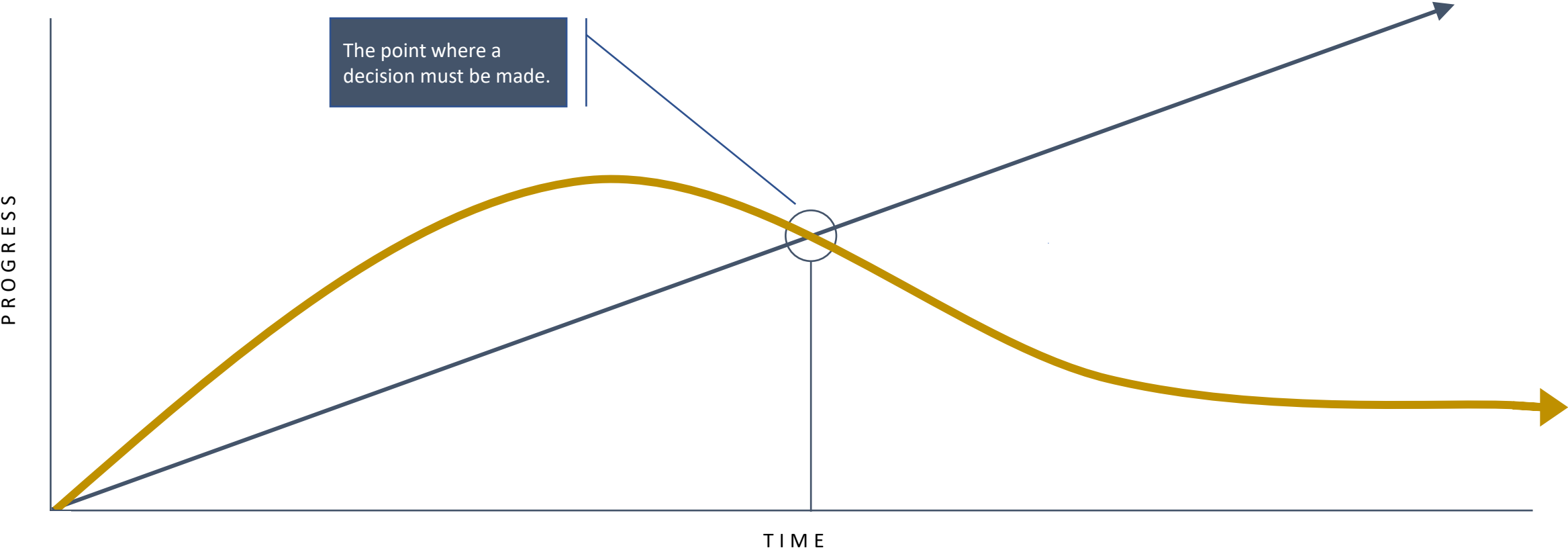
Leadership Curve Theory

LEADERSHIP PATH | LAW DIMINISHING UTILITY | MOORE'S LAW



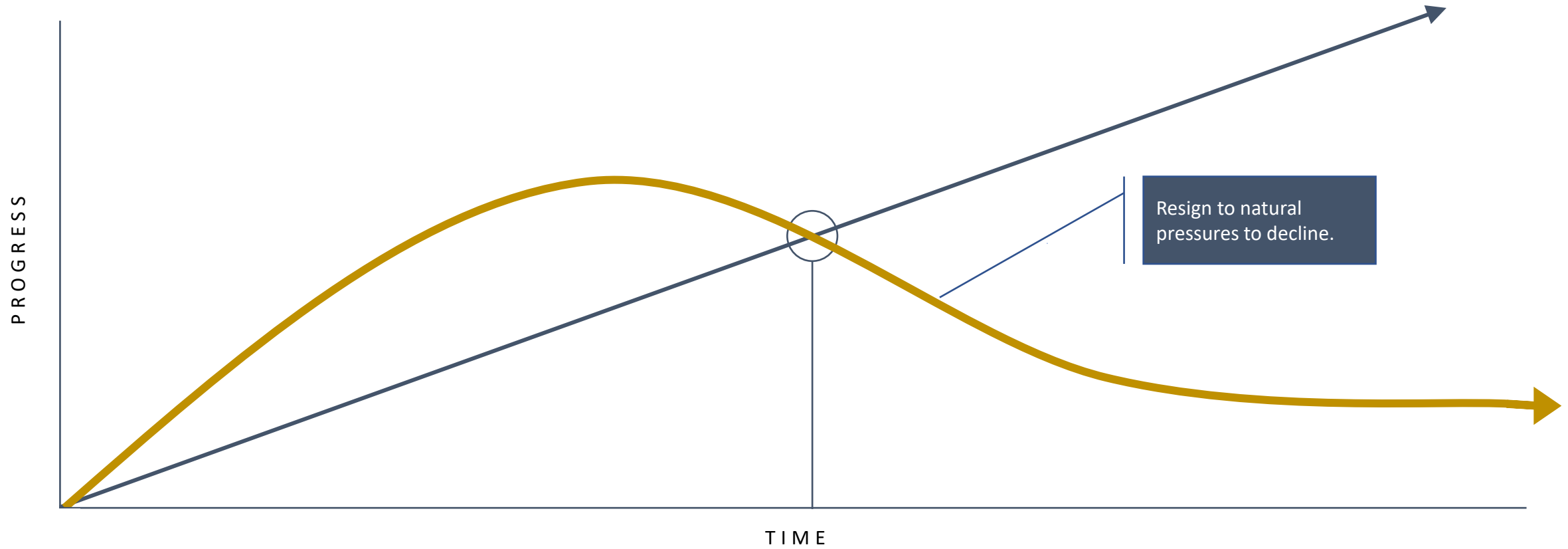
Leadership Curve Theory

INFLECTION POINT



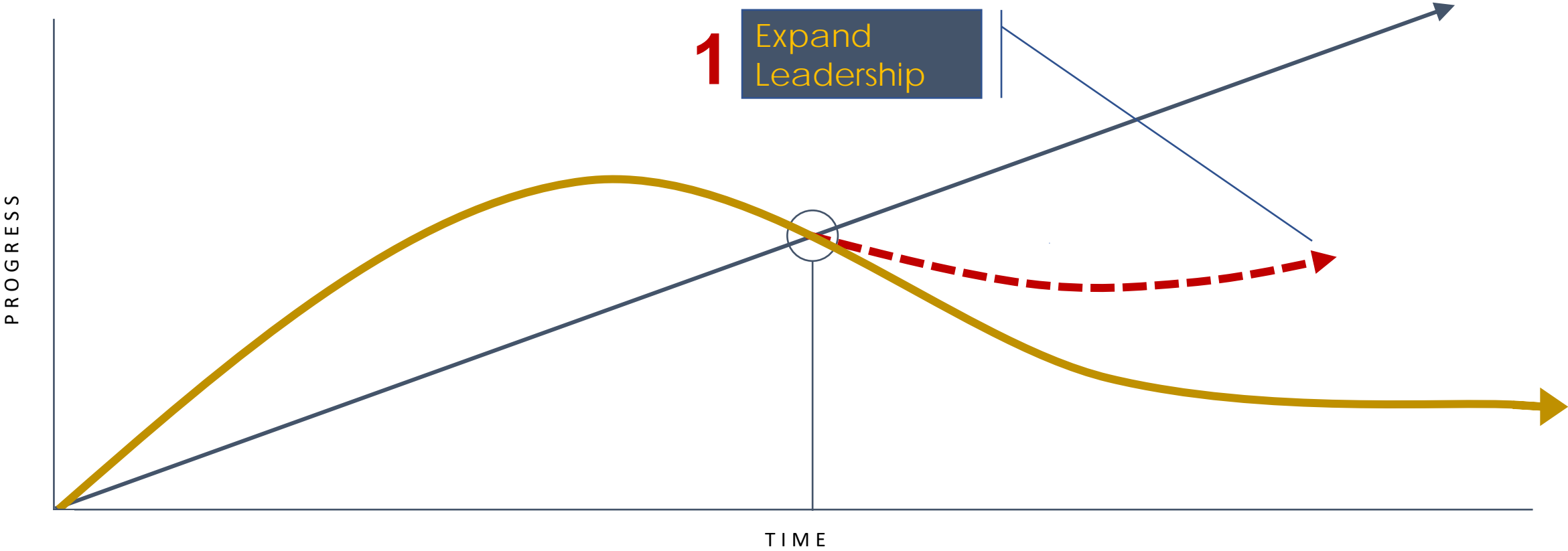
Leadership Curve Theory

INFLECTION POINT



Leadership Curve Theory

INFLECTION POINT | COURSE CORRECTION









Hierarchy of Needs

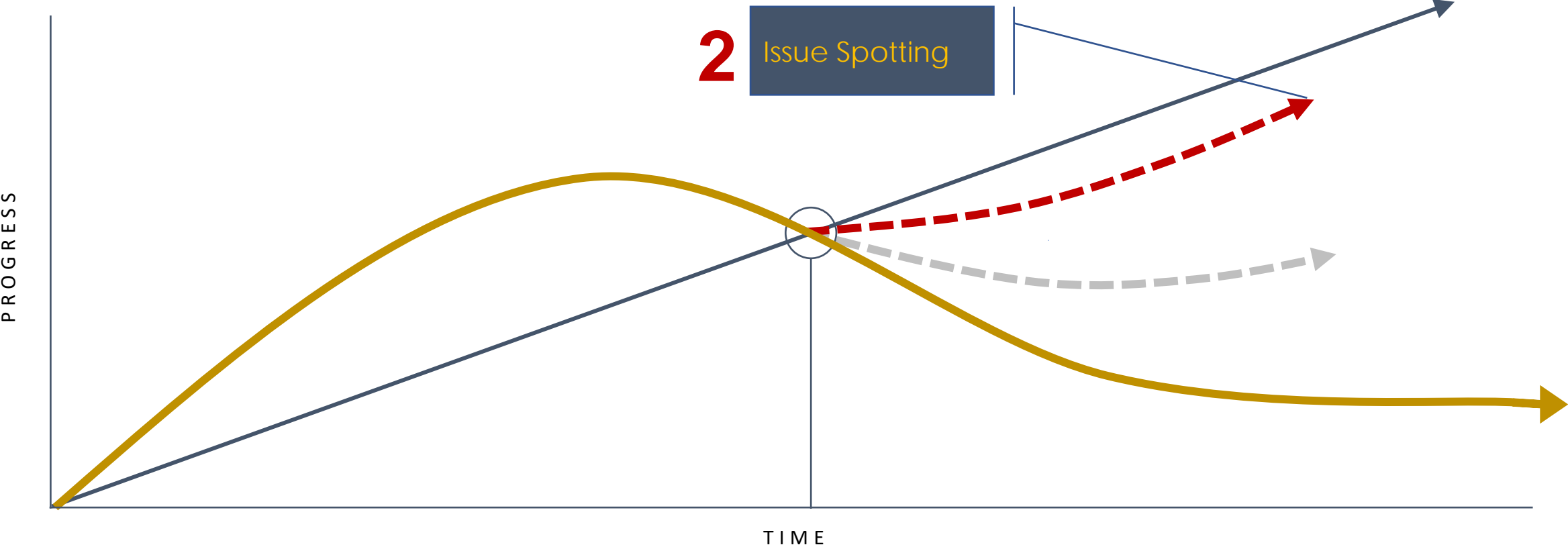
Psychologist
Abraham Maslow - 1943

Aggregate Self-Actualization
leads to
Corporate-Actualization



Leadership Curve Theory

INFLECTION POINT | COURSE CORRECTION



IRAC

ISSUE: This is the problem to be solved. Watch out for red herrings to stay focused on the matter at hand.

RULE: Identify the law, statute, policy, regulation or other governing document. Only consider the rules that can impact the decision. List all external and internal rules.

APPLICATION: The fact pattern is compared to the rule for applicability and reasoning. Methodically survey each bit of evidence and facts to make sense of what applies to the prevailing rules.

CONCLUSION: The results of the analysis leads to a structured decision. Make a judgment call on the weight of all evidence presented.



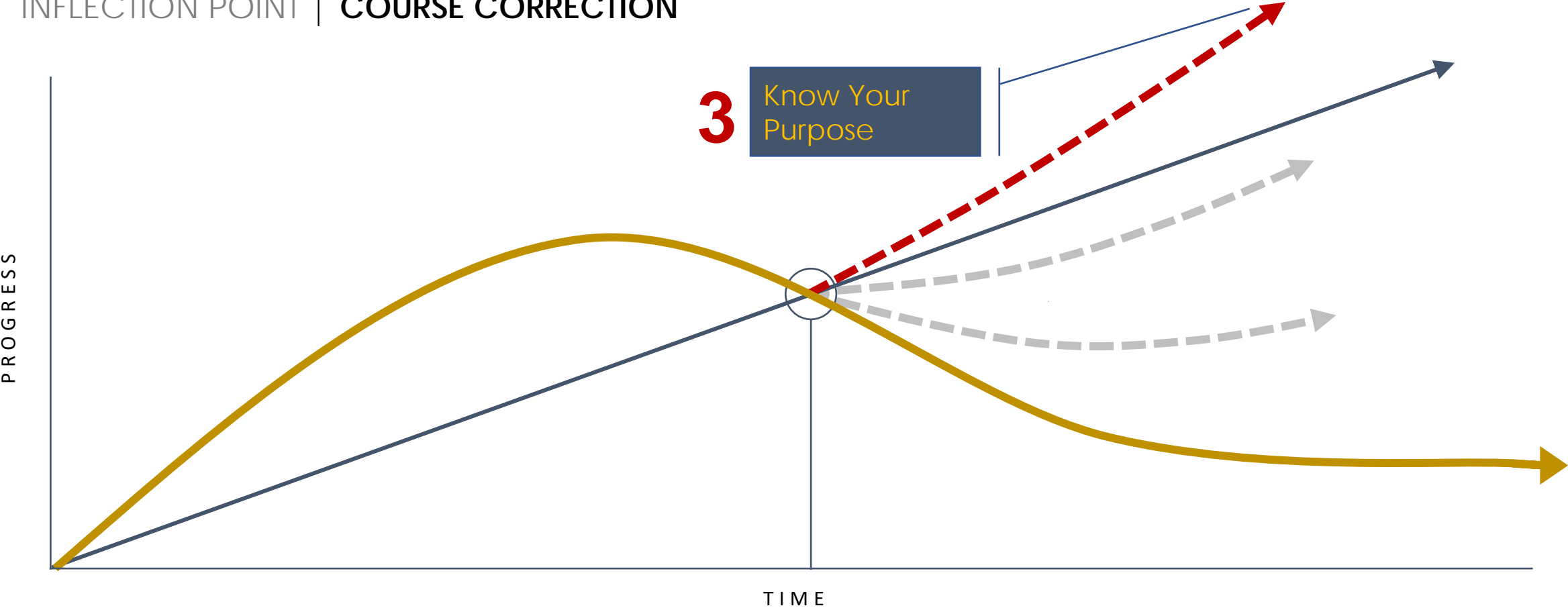
What Keeps You Up At Night?

Regulatory Shock	Talent Development	Interchange Fee Income	Portfolio Risk	FinTechs	Social Media Disaster
Recession	Flight to Quality	Corporate Governance	Liquidity Risks	Credit Union Taxation	CECL
Security Mishap	Low Innovation	Industry Consolidation	Open Field of Memberships	Data Breaches	Economic Inequities
Amazon	Pandemic	Vendor Failures	Scalability Limitations	Net Worth Management	Charter Limitations
Operational Challenges	Payment Disruptions	Changing Demographic	NCGS \$159.30	Affordable Housing	Climate Warming



Leadership Curve Theory

INFLECTION POINT | COURSE CORRECTION



What Do You Want To Be?



Your Purpose

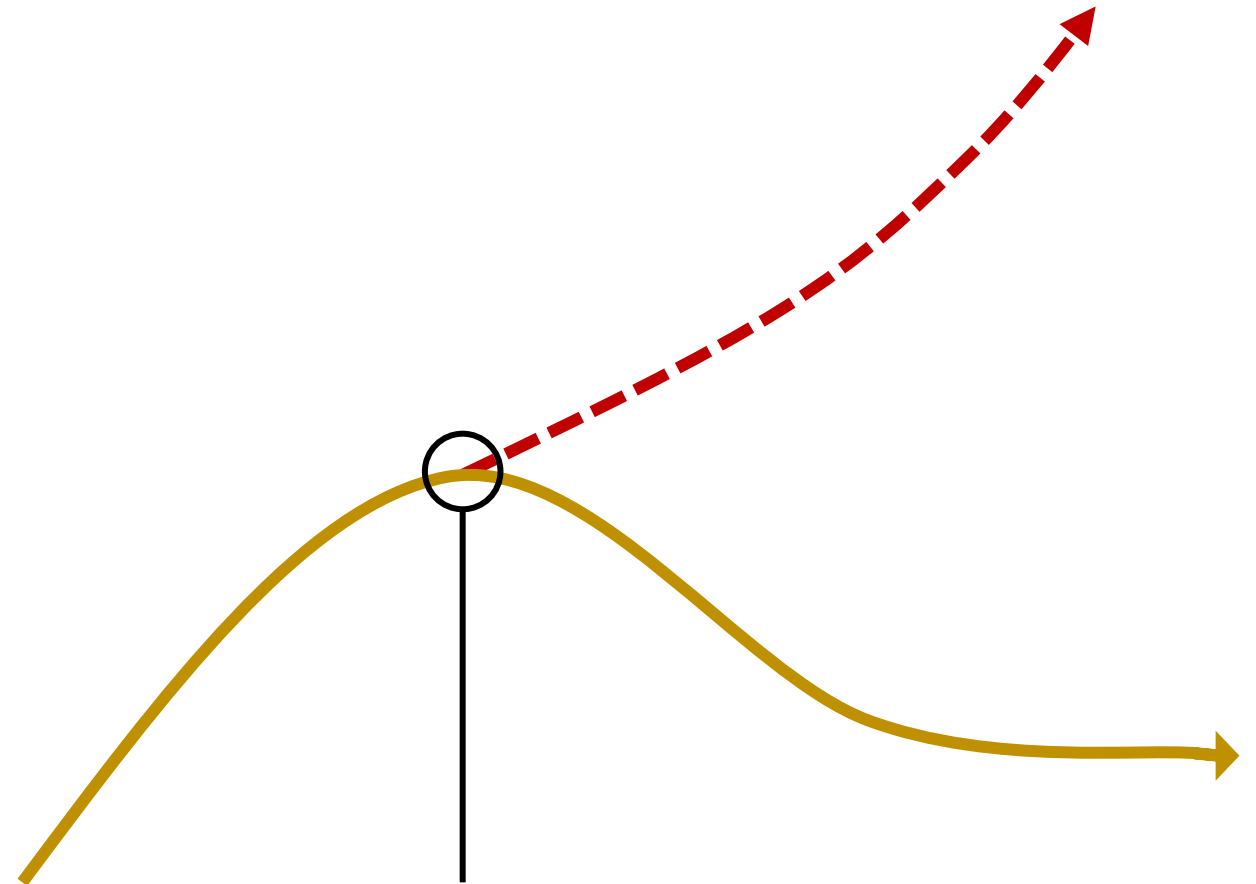
- Your purpose is a key success factor for You and the Credit Union.
- Your Purpose is your NorthStar... it guides your way.
- The right purpose gives you a competitive advantage.
- Tonight at 9:00 pm.



Leadership Curve Theory

DEFEATING THE INFLECTION POINT

- Whatever you think about leadership today, it will be different tomorrow.
- The demand to be a successful leader begins with the understanding of how inefficiencies can creep in.
- Organizations are surrounded by change from the world, industry, technology, labor forces, societal norms, economics, government regulations, and world politics.
- An astute leader understands the inherent pressures that present natural friction to success.
- The Leadership Curve Theory illustrates how failure occurs... more importantly how success can be attained.



Questions & Comments

