

This is the final article in a series spotlighting the five recipients of ICD's 2015 Fellowship Awards. The Fellows are nominated by their peers and selected by an independent committee based on several criteria, including leadership and contributions to governance.

PHOTOS: J.P. MOCZULSKI

A woman with blonde hair, smiling, walking down a hallway. She is wearing a dark blue suit jacket over a matching skirt, a pearl necklace, and dark heels. The hallway has a patterned carpet and white walls.

The Cooperative **TRAILBLAZER**

***MONIQUE LEROUX'S** career has defined her as much more than just the first woman to lead a major Canadian financial institution. The former piano prodigy describes to writer **Gordon Pitts** how political skills are about bringing people toward common goals and governance is an evolving concept.*



*Desjardins is very near its target – passionately embraced by Leroux – to have **women** constitute **40 percent** of board membership throughout the group*



From a quick glance at her CV, Monique Leroux might seem like a throw-back to an earlier era when CEOs of Canadian financial institutions wielded unchallenged authority in their organizations.

Twenty years ago, a bank's CEO typically occupied not only the most powerful executive role, but also the key governance post of chair of the board – as Leroux now does at the Desjardins Group, Canada's largest financial co-operative with \$230-billion worth of assets and seven million members and clients.

Those days are gone at Canada's major banks, as boards are more firmly established as independent entities with separate chairs. Which leaves us with Leroux, a 61-year-old accountant who has been president, CEO and chair of Desjardins for seven years after a glittering career in corporate banking and communications.

Yet this is no imperial potentate. As she painstakingly explains, she sits atop an intensely democratic structure where

every significant move is scrutinized by the federation's vast membership through its elected representatives.

She points out that directors of the Desjardins Group are selected not by a board committee or by the chair. Instead, they are elected by a rigorously democratic process. "I am not chosen by those people and I do not choose them," she says of her fellow board members.

In the corporate world, the separation of the chair and CEO positions is designed to protect the independence of the board from management influence. "But in the case of our corporate governance, it is not the same kind of issue, because independence is there naturally," Leroux says.

The co-operative approach, with its direct democracy, may in fact seem cumbersome compared with the nimble decision-making of the best public corporations. Yet Leroux and her team have guided it toward remarkable change, taking the federation on a growth track beyond Quebec – where it is a financial colossus – into the rest

of Canada, while introducing new technology and driving diversity.

Indeed, Desjardins is very near its target – passionately embraced by Leroux – to have women constitute 40 percent of board membership throughout the group, its subsidiaries and the federation of local *caisses populaires* and credit unions. And she wants to build the group's profile as a model for all kinds of diversity – which is, she believes, essential for innovative organizations.

Leroux believes the co-operative model, like the for-profit model, can be the source of good business as well as good governance. She has worked in both worlds, and her ability to achieve results in varied circumstances explains why she is a newly inducted fellow of the Institute of Corporate Directors.

To guide the group, she says, a leader needs to acquire "political legitimacy" from the local *caisses*. That confers the responsibility to chair not just the board but also the massive assemblies held every few years,

which bring together 2,000 delegates to pass judgment on major initiatives (even using voting machines, as in a political convention). Her ability to win mandates on growth strategies and the ambitious diversity push is a testament to her political savvy.

Truly great politics, she says, means “understanding the people, making sure you have a common objective and that you can bring the people towards that common goal.”

And it means a certain leadership style. Coming from the corporate sector 13 years ago, the major skill she had to learn was how to listen. Very often in large corporate organizations, she says, the CEO believes “this is my way” and, thus, it has to be the way for everybody. But this top-down leadership is often unsuccessful in the long term.

The co-op model has forced an attitude adjustment that any CEO might take to heart. “I had to learn to be able to listen better than I was used to, and to make sure to get advice from a variety of people,” she recalls.

In a co-operative, it is fundamentally one member, one vote – which means the CEO/chair and the member of the

small-town caisse have equal rights. “It is not because I have a title, my vote is more important than yours. [As the CEO] you bring into your mind this concept of community. You need to listen, and sometimes be very humble.”

Leroux has become a student of co-operative philosophy and of Alphonse and Dorimène Desjardins, the pioneering husband and wife who founded the group 115 years ago. Decision-making can seem intricate, but she emphasizes that financial

results must share the spotlight with the educational goals of the movement. Although directors may not always be financial specialists, they can draw on people in the community who understand in-the-trenches business and the real economy.

“Sometimes in large corporations, or ones with a more simple business model, you are very involved in getting results, and results are about getting profit. Then you realize success is a little bit broader than just making money and getting to the results.

“I had to adjust a little bit in the way I was pacing myself, and in the importance of communicating -- making sure that the objectives are more clear, and we are able to share them.”

Her own governance education began in the 1970s at University of Quebec at Chicoutimi, where a teenage Monique Leroux – a piano prodigy turned commerce student – was elected as the student representative on the board of the university. It was a quick immersion in board dynamics.

Later, as an accountant in Montreal, she took on more non-profit roles, including her appointment as the first



*I had to learn
to be able to
listen better
than I was used to,
and to make sure to
get advice from
a variety of people*



woman president of the Quebec order of chartered accountants. She joined Royal Bank of Canada in 1995, and gained valuable experience in executive and board roles with RBC and subsidiaries. She then rose to chief operating officer of Quebecor Inc., the communications giant, before joining Desjardins in 2001.

Her inaugural post at the co-op was as president of Desjardins Financial, before being elected to the CEO position for the entire group in 2008 – the first woman to head a major Canadian financial institution. It was a trial by fire, in the midst of a market meltdown, and she learned a lot.

With her fixed term set to end next year, Leroux is reflective about her legacy and the future of the

organization. The Desjardins approach to governance – and its combination of the CEO and chair positions – is not a fixed thing, she agrees. The group is growing and changing: It is now established across the country and has moved aggressively in insurance markets.

With this evolution of the business, “there could be an evolution of governance as well. That is the case for any large organization. All the time, we need to challenge ourselves to make sure we have the right structure.”

Governance is not a fixed set of boxes that must be checked. “C’est vivant,” she says – it is living. She is proud that “I was able to bring different conversations about the evolution of governance,” especially in the role of women.

A business succeeds when its people think like owners, not just as directors, employees or even shareholders.

That mindset is the very lifeblood of co-operatives. “Let us act as owners, because in fact we are: it is a collective ownership. And as owners, what do we think is the best decision to make, not just for the next quarter, but for the long term?”

This attitude, she says, “is part of the DNA of the organization.” ■

GORDON PITTS is a business journalist and author of the book, *Fire in the Belly, How Purdy Crawford Rescued Canada and Changed the Way We Do Business*. He is writer-in-residence at the DeGroote School of Business, McMaster University.

This article originally appeared in the Director Journal, a publication of the Institute of Corporate Directors (ICD). Permission has been granted by the ICD to use this article for non-commercial purposes including research, educational materials and online resources. Other uses, such as selling or licensing copies, are prohibited.