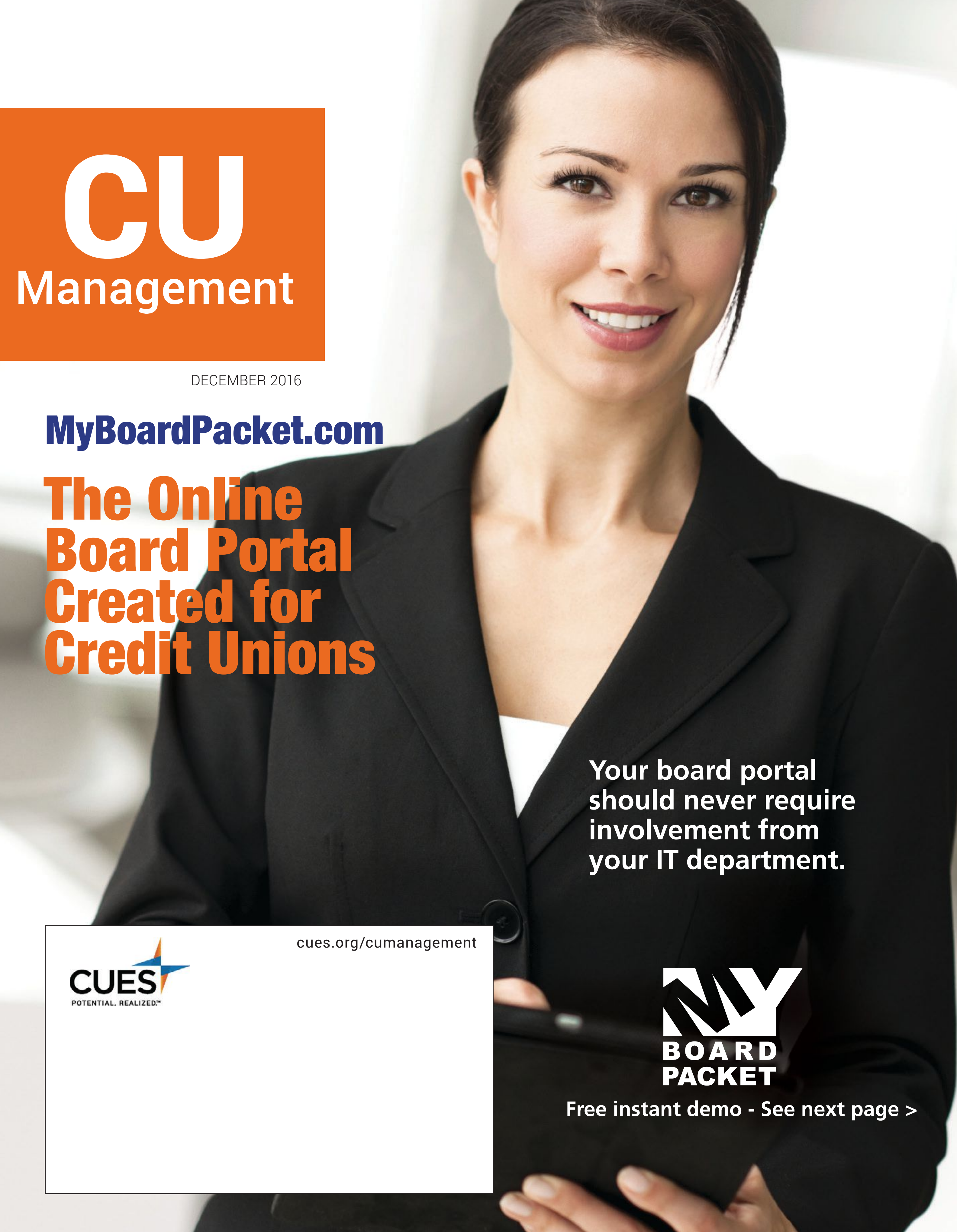
CU Management

DECEMBER 2016



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CU Management

DECEMBER 2016

Culture of Compliance

Keeping members' interests first requires practical guidance—and vigilance.

Scott Daukas, CSE
CUES' 2016 Exceptional Leader

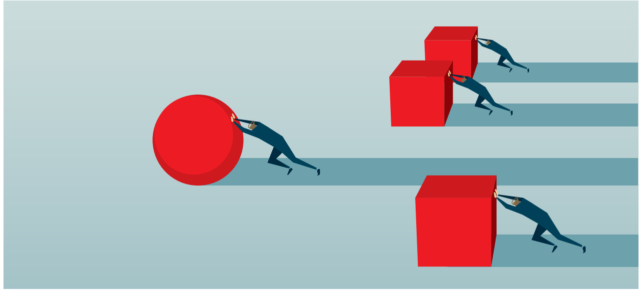
EMV 2.0(17)
CUs can benefit from lessons already learned

Bringing Healthy Back
Employee wellness programs are more popular than ever

CU Management

DECEMBER 2016 vol. 39 issue 12

CUES is a Madison, Wis.-based, independent, not-for-profit, international membership association for credit union executives. Our mission is to educate and develop credit union CEOs, directors and future leaders.



Articles

In Every Issue

EZ Launch
Credit Cards

> I'm just delighted to be adding some non-interest generated revenue for my credit union! I'm so grateful for the **EZ Launch program** and the ability to offer this great opportunity to my members.

Jennifer Marshall
Manager, Towns-Union Educators Federal Credit Union

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It's a fact of life that credit cards can be the best, and sometimes only option for dealing with unexpected expenses. Cards can help members reduce expenses, keep more cash on deposit, and achieve the financial goals and lifestyle they dream of.

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Web-Only Bonus

On Compliance: How to Avoid a Case Like Wells Fargo

Watch product diversity, sales programs and third-party relationships.

cues.org/1116oncompliance

myCUES App

Do You Inspire Purpose In Your Employees?

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A decorated vet, former executive and leadership speaker describes how to unleash the heroes in your CU.

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Online-Only Column

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cues.org/1116nextgen

CCUBE Members-Only

Self-Assessment: How Innovation Adept are You?

How does your result match where you thought you were?

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Caring for Members and Employees

In the wake of the Wells Fargo scandal, many in our industry saw an opportunity for CUs to speak out about their commitment to members' financial security.

When the news broke, "one of our CU clients turned to Facebook with the message, 'Is your money safe? Bank local. Bank with our credit union,'" explains Marne Franklin, digital project manager for CUES Supplier member Your Marketing Company (*www.yourmarketing.co*), Greenville, S.C. She explains how the CU more than doubled its audience reach with a mere $10 in "#SocialMedia #BestPractices," p. 24.

Could a similar scandal happen at a credit union? Possibly. But "credit unions may have a head start on maintaining a culture of compliance, given their mission to serve members by offering them the best products that serve their needs. If you're committed to doing what's best for members, ethical business practices naturally follow," writes freelancer Karen Bankston in "Culture of Compliance," p. 30.

It's not just members' well-being that matters to credit union leaders. You also frequently turn your attention to employees by offering a wellness program. Does your credit union offer one?

I'm a member of CUES' employee team tasked with bringing fun into the workplace. We plan regular bingo games, orchestrated via email, and host after-hours "cold ones in the café," where employees pay a few dollars for a beer or a margarita and some snacks, with the money going to the Children's Miracle Network. In 2017, we're adding a wellness component as another way to get to know each other, while still having fun.

As the mom of a child with ADHD, I've read a lot about how movement and exercise can help children (with or without special needs) learn. It stands to reason that employees will benefit from movement breaks, too. In fact, many studies have shown that physical activity can increase worker productivity (*http://tinyurl.com/MoveForProductivity*). Two CUs that get this are Meritrust Credit Union, Wichita, Kans., and Texas Trust Credit Union, Arlington, Texas. Read more in "Bringing Healthy Back," p. 18.

While you're taking an exercise break, why not check out the brand-new CUES Podcast (*cues.org/podcast*)? Each 10-15 minute episode tackles a topic of importance to credit union leaders. Listen to experts discuss strategy, culture, enterprise risk management, or business lending, just for starters.

What kind of wellness programs do you offer to employees? I'd love to hear your best practices and tips! I'm looking for new ideas for CUES' team and for credit union success stories to share in our publications. Simply email me at *theresa@cues.org.*

P.S. Execu/Summit®, March 5-10 in Snowmass Village, Colo., is the perfect opportunity to test the movement/learning connection. Attendees take a mid-day break to ski! Learn more at *cues.org/es*.

Theresa Witham

Theresa Witham
Managing Editor/Publisher


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Peach State FCU's Little Free Library stands in front of its Lawrenceville, Ga., location.

CU Honors Roots with Little Free Library

The staff of Peach State Federal Credit Union have joined more than 40,000 other book lovers around the world in making books available to passersby with their own Little Free Library, which stands outside its Lawrenceville, Ga., branch.

The tiny library on a perch was built by Peach State FCU's training manager Crow Hunter, whose does woodworking as a hobby.

The library was initially stocked with books donated by credit union employees and now is supplemented with contributions from its own patrons.

"At first, we didn't see many donations, so we posted on our social media profiles and our digital message boards in the branches that we were seeking donations, and we received more books," says Heather Griffin, marketing manager of the $316 million credit union serving 44,000 members (*www.peachstatefcu.org*).

"Now that the library has been 'open' for [more than] six months, we've begun to see books being brought back and new books appearing," she adds.

The Little Free Library organization (*www.littlefreelibrary.org*) promotes the installation of these tiny exchanges, where books and magazines can be freely borrowed and added, with the aim of championing literacy and a love of books. As of June 2016, the nonprofit organization reports more than 40,000 registered sites in all 50 states and more than 70 countries.

"Having a Little Free Library aligns with our roots in education and our commitment to the communities where we serve members," Griffin says. "We chose to install it at our downtown Lawrenceville branch because it's convenient not only for our members, but for residents and visitors to the town."

Peach State FCU's little library is built in the style of an old-fashioned schoolhouse, another nod to its origins, founded as Gwinnett Teachers Credit Union in 1961. The credit union now serves eight Georgia counties.

Clarification

In "Lending in the Fast Lane" (*cues.org/0916lending*) in the September issue of *Credit Union Management*, CUES Supplier member CU Direct (*www.cudirect.com*), Ontario, Calif., should have been identified as a national dealer network in addition to a provider of credit decisioning software. We regret the omission.

"Are you in a role that you're not really passionate about, and you feel like there is so much more out there for you? Then whose life are you living?"

Lisa Petrilli, CMO/COO at To Be A Woman Global Empowerment Platform, writing on her blog at *http://tinyurl.com/LPetrilliblog*. She'll speak about visionary leadership at CUES Symposium, Jan. 29-Feb. 2 (*cues.org/symposium*).

Spotlight on E-Voting Security

Google "electronic voting security" and you'll get a lot of hits. During the contentious U.S. presidential election, people were concerned about outdated electronic voting machines and the physical security of polling places.

Fortunately for CUs, leading technology available for running online votes about board members, bylaws changes and mergers is completely different from—and considerably more secure than—the general election voting systems that captured headlines last month.

In fact, the national voting systems and the CUES eVote: Elect and Educate (*cues.org/evote*) system are "two completely different systems and they can't be compared," says Deepak Prakash, vice president of eBallot (formerly Votenet Solutions, *www.eballot.com*), which powers eVote. "We do not share any systems or processes that general elections currently use."

CUES eVote's security is both electronic and physical, he explains. "First, every voter has his or her own credential," Prakash says. "Only voters with credentials can access the ballot. If they're not part of the voter list, they can't access it.

"Once you cast a vote," he adds, "all communication between voter and eBallot happens on a secure network.

"In case of natural disaster or emergencies, you always have more than one copy of your database," Prakash emphasizes.

CUES is giving away a free vote using eVote: Elect & Educate valued up to $13,000. Learn more on p. 46.

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EMV 2.0(17)

Migrating to chip cards can still be a struggle, but CUs can profit from past experience.

By Richard H. Gamble

In spite of considerable industry experience, both U.S. issuers and merchants still find the migration to chip-enabled smart cards to be a serious challenge. CUs anxious to avoid the mistakes of the past and to embrace emerging best practices are paying attention to those lessons. Let's summarize them.

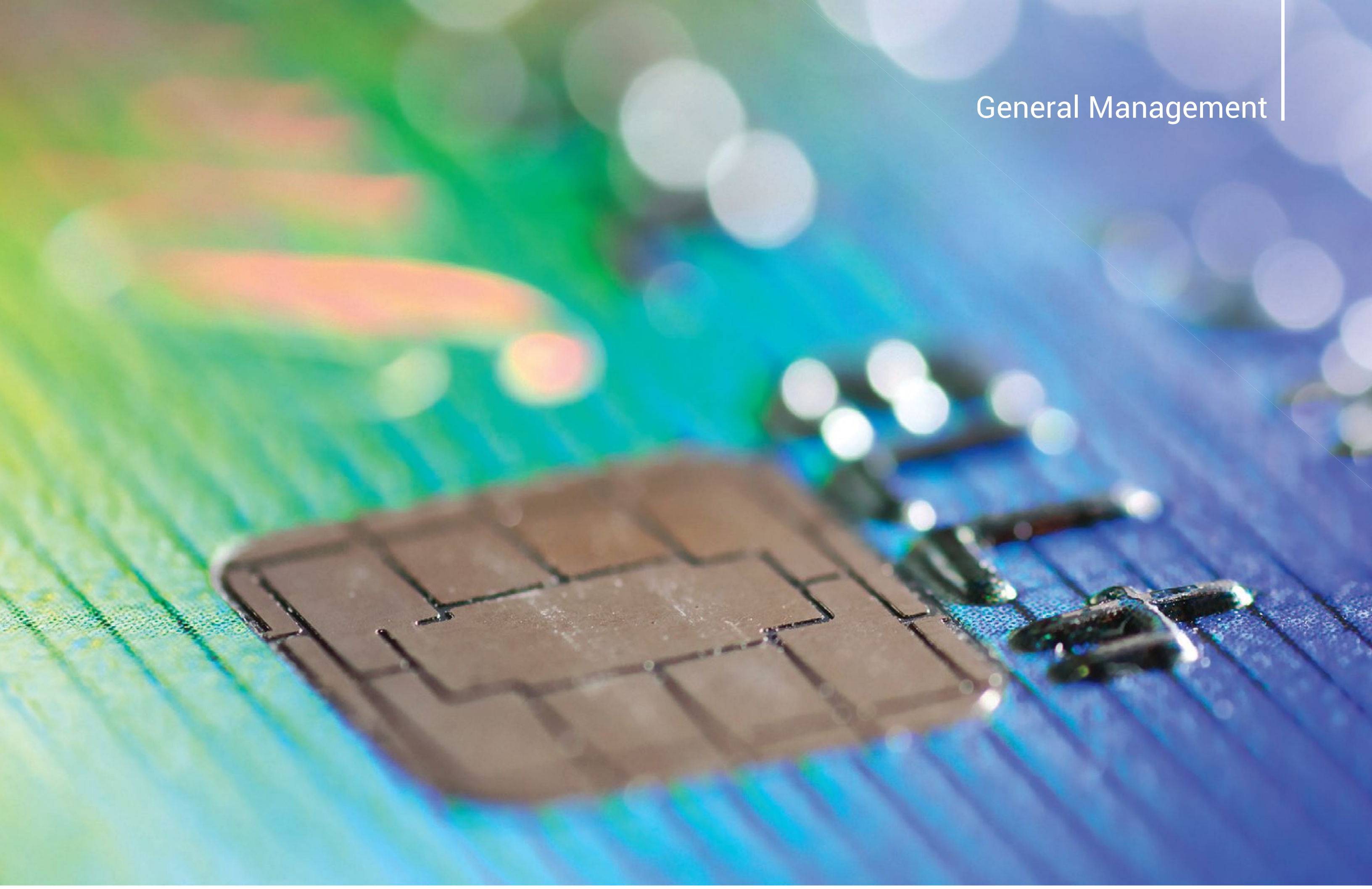
Educate members. The most important lesson may be to prepare members—before, after and at the point of placing chip cards in members' hands, emphasizes Ray Wizbowski, chief marketing officer of Entrust Datacard (*www.entrustdatacard.com)*, Minneapolis. It's different enough from the traditional card that members won't intuitively understand how to use it and why using it benefits them, he notes. And they certainly won't be prepared for the inconsistencies they'll encounter when they present the chip card at merchants' cash registers, he points out, advising giving them written instructions and warnings. Put a demonstration video on the CU's website. Encourage them to come into a branch to pick up their new card if you're small enough to handle that volume, he adds, and talk them through it. Even have them use it at a demonstration ATM if it's a debit card. Otherwise, brace yourselves for a lot of calls and some branch visits by frustrated members.

Play the clock. Timing matters. "Too many issuers waited too long and are now rushing to try to beat the deadlines" for being EMV-compliant, notes Merrill Halpern, AVP/card services at $4.5 billion United Nations Federal Credit Union (*www.unfcu.org*) in New York, the first U.S. issuer of chip and PIN credit cards. Now time pressure means that issuers no longer have the luxury of letting cards roll over to EMV on renewal dates, he points out. "The clock is ticking." (The next big deadline is Oct. 1, 2017, when fuel pumps must comply; see a chart of all the deadlines at *http://tinyurl.com/emvdateschart*.)

Or not. Waiting may actually be a good thing, counters Fran Juricny, VP/application services at $550 million Zeal Credit Union (*www.zealcreditunion.org*) in Livonia, Mich. "By the time we started to issue EMV cards in February of this year, the market was familiar with the technology," she says. "Our members knew how to use them and what to expect, so our migration went smoothly. Our card vendors had perfected the migration process and could lead us through it step by step."

Does she wish Zeal had started sooner? "No. I think we started at the right time," she says. At press time, 14,800 of its 36,000 debit cards and 4,600 of its 14,500 credit cards had chips.

Incorporate instant issue. It's important, Wizbowski emphasizes, to integrate your EMV conversion strategy with your instant-issue strategy. Your instant-issue system should



be set up to issue chip cards. Consider asking members to come in for their new chip card and give them a lesson on how and why to use it, he recommends. Instant issue was originally designed to replace lost or stolen cards, so it's natural to use it for reissues, he suggests.

An instructive instant-reissue example occurred after the Target breach when Chase did a blanket reissue of all its cards used at Target over the six months before the breach was discovered and closed, Wizbowski recounts. Chase gave customers the option to come into a branch for instant issue of a new card. The bank had to extend hours and stay open Sundays for two months to handle the volume, he notes.

Don't pin hopes on liability shifting. A disappointing lesson learned is that the much-heralded liability shift has been a paper victory but an operational quagmire for CUs that converted their outstanding cards to EMV, notes Ryan Rackley, a senior director at CUES Supplier member and strategic provider Cornerstone Advisors (*www.crnrstone.com*), Scottsdale, Ariz. "When there's fraud connected to a member's account, the member looks to the CU to fix it," he says. "You can't tell a member, 'It's the merchant's fault,' and send them away. When the merchant is woefully unprepared to work a chargeback or fraud case through to completion under the current regulatory guidelines—and many of them are woefully unprepared—it's the CU that would get the black eye if it doesn't step up and take the liability."

Expect processor delays. Another major lesson is that what's happening with EMV migration depends more on processors than on issuers or merchants, Rackley points out. "This is an outsourced activity on both sides," he notes. "Merchants can't do what the merchant acquirers that process their card transactions can't support, and those processors are struggling with the technology and with the backlog of merchants waiting to get EMV support. Merchants are waiting at least six months in many cases for the infrastructure to support their terminals. That's why you see POS terminals in stores with EMV logos and slots for EMV cards that are taped over. This has been a much bigger job than the processors prepared for."

Do controlled testing. Test EMV cards with a controlled user group—often staff or directors or a handful of chosen members. It was hard at first to find merchants that had EMV terminals, notes Aimee Dunn, director of operations for TMG Financial Services (*www.tmgfinancialservices.com*), a CUSO card issuer for a group of CUs and an affiliate of card processor and CUES Supplier member TMG, Des Moines, Iowa. But also test the cards with merchants that still use mag stripe readers to find out what happens under a variety of scenarios that members might encounter.

Testing remains critical because EMV migration is still in its early stages. Of the 32 million card transactions TMG processes each month, 60 percent are credit and 40 percent are debit. Of the credit transactions, only about 20 percent are now done with chip cards. For debit, it's more like 10 percent EMV, the company reports.

Figure out your strategy. CU leaders face or have faced two major strategic decisions as they get ready to issue EMV cards. The first is whether to do a mass reissue of all cards (or perhaps a two-phase mass reissue of all credit cards and then all debit cards), or whether to replace traditional cards with EMV cards in the natural expiration cycle, Wizbowski explains. That decision often is made in a CU's risk department, based on willingness to tolerate liability, he notes. It's expensive to do it all at once, but CUs do that to minimize liability, which is greater with traditional cards, he says. As a practical matter, many informed CUs have split their portfolios and pushed through a mass conversion for the most profitable end of the portfolio—members who travel internationally, have high net worth and are doing larger transactions and racking up higher balances. Then they converted the rest of the portfolio over time on reissue dates, he explains.

The second major strategic decision is whether to embrace chip-and-signature transactions or promote chip and PIN, Wizbowski points out. Pairing chip cards with PINs is more secure but puts a greater burden on members to modify behavior. Chip cards with signatures are less secure, but easier on members. They also bring the CU more interchange revenue, he explains.

Some CUs that have already issued EMV credit cards are wondering if the lessons they learned there will apply to their debit cards. In general, they will, Wizbowski suggests. But it's important to segment portfolios according to use. Some members just use the cards for ATM withdrawals and to get balances. Others use them often for small purchases. Still others make large debit transactions. "Look at how the cards are used and assign priorities accordingly," he recommends.

Streamline infrastructure. The U.S. has been an always-online environment for many decades, so don't waste time and money supporting the more complicated, more expensive procedures around authentication and authorization of offline transactions, recommends Stephanie Ericksen, VP/risk products at Visa Inc. (*http://usa.visa.com*), San Francisco. Even when U.S.-issued cards are used for travel abroad, those terminals now support online transactions, including vending machines and train ticket kiosks.

Today is not yesterday. You can't rely too much on past experience. As an EMV pioneer, United Nations FCU introduced in 2010 an EMV credit card for its highly mobile members. The experience of offering EMV debit today is more complicated, Halpern notes. "In 2010, it was simple. There were no chip acceptance liability rules to consider yet. All the cards were dual authorization (chip and stripe). All the U.S. merchants used the stripe. All our international travel members knew how the chip worked. Domestically, the chip was a card ornament at first. It was pretty much business as usual."

Fraud will spike, then drop. The fraud lesson learned from Europe and Canada is now being repeated in the U.S.: Chip cards, when fully implemented, will pretty much wipe out card-present fraud, but in the meantime, migration causes a spike in that fraud. "The fraudsters are alert and trying to steal as much as they can before the door closes," Halpern observes. "Skimmers are popping up a lot, which is why CUs must educate their members on security issues and EMV benefits."

Think positively. "Don't look at the EMV mandate as a technology tax and a regulation you have to comply with," Wizbowski says. "It can be an opportunity to bring a member into the branch and deepen the engagement, show personal interest, find out if there are other needs, and introduce additional products and services." (*See also "ERM Efficiency and Effectiveness" on p. 34 for more on how to make the most of something that's required.*)

Seek help. Card processors typically advise on EMV implementations. If you're not sure you want to count on your processor's advice, you can hire a consultant. Some CUs do, Wizbowski reports, but not many. It's more popular for CUs to ask for peer feedback.

Allow fallbacks—watchfully. Accept fallback transactions (meaning transactions can revert to the magnetic stripe when there are technical problems with the device reading the chip) for a reasonable period of time, suggests Zeal CU Controller Melissa Espinoza, a CUES member. But suspect them. Data quality problems have declined, Ericksen points out. "At first, falbacks were seen as normal start-up glitches, but now they're more likely to be a sign of fraud than they were at first." Issuers should fine-tune their fraud management around fallbacks and pay attention to which merchants are reporting them, she advises.

Test system integration. Be sure to find out before issuing EMV cards whether your system is truly integrated with your card processor's, Espinoza advises. It is important to test all your processes, including reissuing cards, to make sure all systems work together as expected. "Our processor did have to make a change to their code to accommodate how we reissued cards on our systems," she reports.

That glimmer is light at the end of the tunnel. To see the future, visit Canada, Halpern advises. The market there is similar to the U.S., but EMV migration is fully mature, he says. It's an encouraging sight. "It absolutely works," he notes. "There are no lines. All the merchant terminals read chips. The cardholders all know where to insert the card and how long to wait. The clerks don't need to explain anything. Everything moves along smoothly."

The EMV card is so standard in Canada that even the paper Montreal mass transit smartcards have an image of the chip printed on them, Halpern reports, just a chip illusion. "These contact cards are disposable, but to give them the look of authenticity, a picture of a chip is printed," he says.

"Eventually, it will work," Rackley concludes, "and all these problems will become a thing of the past."

Richard H. Gamble *is a freelance writer based in Colorado.*

Resources

Read more about EMV at *cues.org/0616emv* and *cues.org/0216payments*.

Credit Union Management magazine will be covering contactless cards in early 2017. If your credit union is offering them or looking at doing so, please email *lisa@cues.org*.

Slated for April 3-4 in San Francisco, CUES' new Payments University (*cues.org/payments*) will give attendees tools for sorting out the changing marketplace and successfully positioning their credit unions in it. You may also be interested in attending the CUES School of IT Leadership™ (*cues.org/soitl*), April 3-4 in San Francisco.

CUES Supplier member Cornerstone Advisors, Scottsdale, Ariz., is CUES' strategic provider of technology services (*cues.org/cornerstone*).

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A Good Judge of Risk

CUES' 2016 Exceptional Leader Scott Daukas, CSE, champions a holistic approach to assessing growth opportunities.

By Diane Franklin

When it comes to defining and navigating risk, growth-oriented credit unions need strong and capable leaders to ensure they make safe and sound decisions on behalf of their members. $1.1 billion TwinStar Credit Union (*www.twinstarcu.com*) in Olympia, Wash., has such a leader: Chief Risk Officer Scott Daukas, CSE.

Daukas, who was named the 2016 CUES Exceptional Leader (*cues.org/recognition*) in October at CEO/Executive Team Network (*cues.org/cnet*) in Savannah, Ga., has been instrumental in implementing a decision-making process at TwinStar CU based on a balanced assessment of risk vs. reward. This has come about largely through his ability to collaborate well with staff and his diligence in working with the CU's board of directors to determine its appetite for risk.

"We've been able to make some investments in CUSOs over the last 12 to 18 months, and that was wholly predicated on the risk appetite of our board," says the CUES member. "It's been an exciting thing to watch come to fruition."

In one case, Daukas was chair of a risk management CUSO and recognized the potential for merging it with a privately held competitor.

"After meeting their executives ... it became clear to me that we shared many cultural beliefs and complementary skill sets," Daukas says. "For the next 18 months, I led from our side the initiative to blend these two companies ... including the merger of staff and bringing the cultures together."

The resulting CUSO, CUES Supplier member Rochdale Paragon Group LLC (*www.rochdaleparagon.com*), has subsequently spun off a separate CUSO that is launching risk management software.

In 2015, TwinStar CU also leveraged its judicious use of risk to directly better the lives of its 115,000 members while improving the CU's financial position.

"We booked fixed-rate 15- and 30-year mortgages into our portfolio instead of selling them during a period of time when 'standard' thinking was to not," he explains. "We booked approximately $20 million in those loans, which brought that additional yield into our income statement.

"Our NEV (net economic value) declined but, because we had enough room from where we were and with what our limits were, we were able to model the impacts and make that decision based on our data and ... risk tolerances," he adds. "We could show that it offered the best risk/reward tradeoff when compared to other balance sheet strategies."

Despite heightened regulatory focus on interest rate risk, the examinations went well. "It proves that if you have a holistic approach to risk, you can defend those types of decisions," Daukas observes.

A Career Progression

Though Daukas exhibits impressive financial acumen, he didn't originally expect to pursue a career in the financial sector. He worked for a bank for about a year before moving to Olympia at age 22 to marry his wife, Jessica. (They now have two daughters, 10 and 5). He earned a bachelor's degree in political theory from Whitman College, figuring that being in the state's capital might lead to a career in politics. Instead, he joined TwinStar CU 17 years ago and has been there ever since.

Eventually Daukas completed his master's degree in management from Regent University. He continues to pursue industry education, having earned his Certified Senior Executive (CSE) designation from CUES (which today can be earned by completing CUES School of Applied Strategic Management, *cues.org/sasm*). He also attended all three CEO Institutes and earned the Certified Enterprise Risk Management Executive designation from CUNA.

"I'm really passionate about learning and development—for myself and for my staff," he says.

Daukas moved up the ranks at TwinStar CU from loan officer to branch manager to regional branch divisional manager, taking "a sudden shift to the left" in 2010 when he became chief operating officer. Most recently he was named chief risk officer.

"We consolidated risk under one executive, which I think has been a really great decision for us," allowing the CU to build its holistic risk approach, he says. "It's given us a really good view of our risk profile across the various risk areas, which has made our decision-making better and our strategic planning better."

Under the new arrangement, the chief

lending officer and CFO report to Daukas. "The three of us run the financial strategies," he says. "Every month I lead our senior management through our balance sheet strategy, where we talk about risk and translate it into action."

Daukas' team also includes the AVP/risk and the compliance and internal audit departments.

A Collaborative Leadership Style

CLO Aaron Palmer has worked with Daukas for 12 years and has had the opportunity to observe his leadership. "There are three pillars that make Scott such a strong leader," Palmer says. "He puts people first, he has strong intellectual curiosity, and he has a very strategic mind."

A CUES member, Palmer is impressed by Daukas' focus on collaboration and empowering others to achieve. "Scott is the epitome of someone who makes everyone around him better. He's very quick to give credit and does what he can to enhance other people's careers."

Daukas is also a leader in the community, having served on the board or as a volunteer for various local organizations and fundraising events. He is the incoming treasurer for the Washington State Department of Transportation Memorial Foundation, which provides financial support to the families of fallen highway workers as well as to WSDOT employees who have a financial need. Daukas has a personal connection to this mission. "My wife has been a state employee for 18 years and my father-in-law retired from WSDOT after 30 years of service," he explains.

Being 2016 CUES Exceptional Leader is more than recognition for individual achievement for Daukas. "We have a lot of talented executives who work well as a team, as well as a strong CEO and a progressive board that have allowed us the opportunity to take on new challenges and take risks that many other credit unions might not be willing to take. I think that's had a big impact in what we as a credit union have been able to achieve."

Diane Franklin *is a freelance writer based in Missouri.*

Resources

Learn about all the awards for CUES members at *cues.org/recognition*. Learn about joining CUES at *cues.org/membership.*

Classes are now forming for next spring's segments of CUES' CEO Institute (*cues.org/institutes*), the basis for the Certified Chief Executive designation or CCE.

Learn more about CUES School of Applied Strategic Management™ and the Certified Senior Executive (CSE) designation—at *cues.org/sasm*.

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Bringing Healthy Back

Employee wellness programs are more popular than ever as credit unions seek to inspire a healthier workforce, creating more engaged, productive and loyal employees in the process.

By Pamela Mills-Senn

Credit unions mulling over whether to implement an employee wellness program may feel as if they're facing a daunting task.

For one thing, it can be hard to know where to begin the effort; there are so many components to wellness—physical, mental/emotional and financial, for example—that it can seem overwhelming. Then there's the concern over the costs of these programs and whether the payoff justifies the outlay. In some respects, it can be hard to quantify just how successful wellness programs are, especially if you take a narrow perspective. But in addition to potentially lowering health insurance costs (in some cases this is measurable and in some cases, not) there are other collateral benefits employee wellness programs bring to the table that can have a powerful and positive impact.

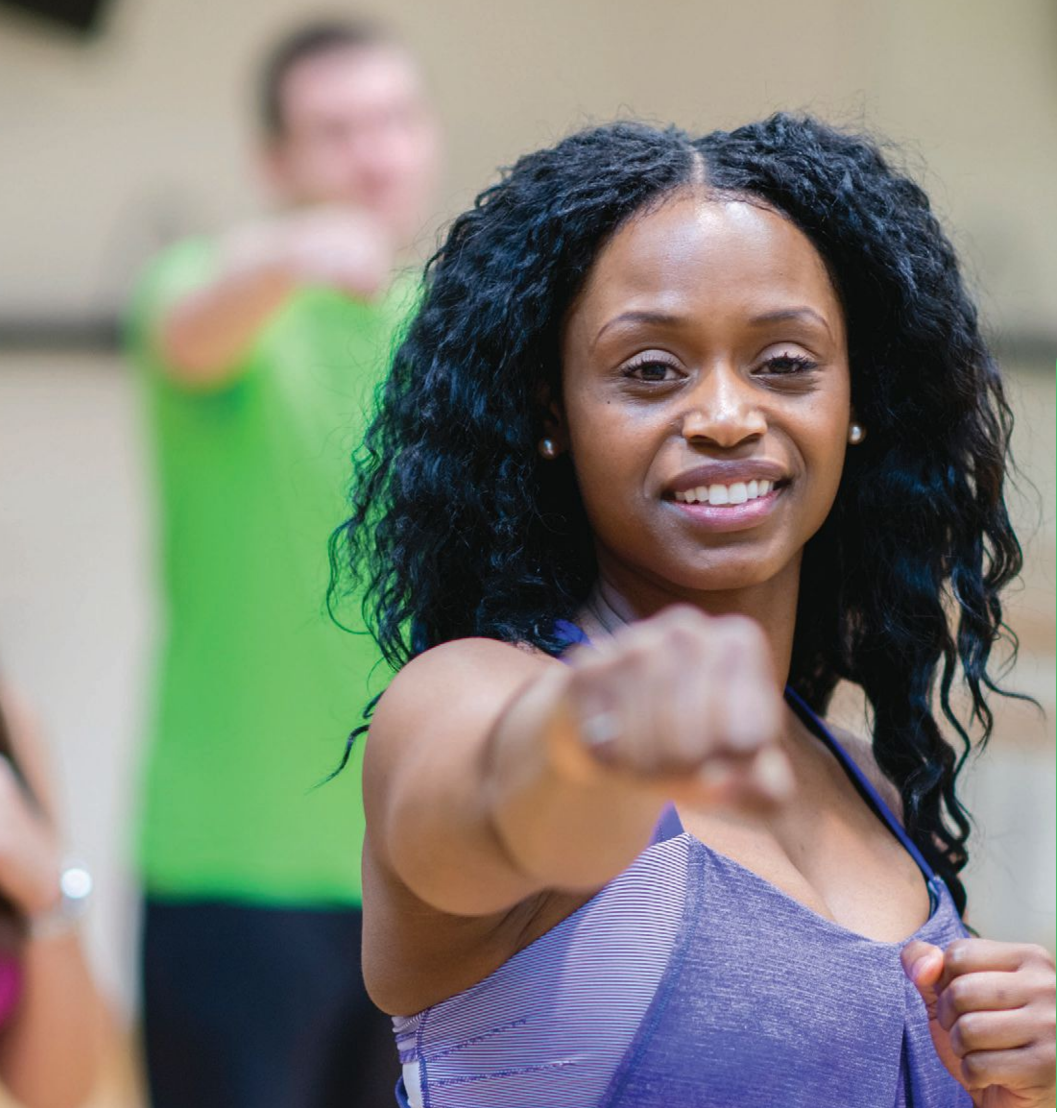
Consider retention. Over the past 12 months, employee turnover has become one of the top three workplace issues, (attracting and finding employees and skilling up the workforce are the other two), says Chason Hecht, president of Retensa (*www.retensa.com*), an employee retention consulting firm in New York.

There are numerous reasons for this, says Hecht. There are more opportunities for employees as companies ramp up hiring, making it harder to hang onto staff. Other contributors to retention problems are a disconnection with the corporate culture and/or toxic work environments; employees may stick around these workplaces for a while, says Hecht, but at the cost of productivity, the customer experience and profitability.

Wellness programs can help mitigate some of these issues, making employees feel more connected, fostering a sense of teamwork, engendering greater trust between the company and employees (resulting in a heightened sense of loyalty to the company), as well as creating a healthier, more energized workforce, says Hecht.

"When employees perceive that their employer invests in them and the company effectively delivers and supports the program, then you see higher productivity and morale, less absenteeism, better relationships between employees *and* higher retention," he says.

"In fact, figures from the American Psychological Association indicate that recipients of that organization's Healthy Workplace award have a turnover rate that is one-sixth of



the national average," Hecht continues. "So, when you measure the cost of wellness programs against the cost of turnover, the wellness programs pay for themselves."

"The Right Thing"

Meritrust Credit Union (*www.meritrustcu.org*) has had an employee wellness program in place since 2005, says CUES member Evan Wilson, chief experience officer. Headquartered in Wichita, Kans., the community-chartered credit union, with $1.2 billion in assets, has 287 full-time and 35 part-time employees.

The organization's wellness program, CU Well, has changed over the years, says Wilson, but the core reason for providing the program has not.

"We recognize good health is good business," says Wilson. "We believe the quality of life for our employees and their families is vital to the success of our organization. Plus, it's the right thing to do. It's just one more way for us to show that we care about our employees and their families."

Offered through the CU Well program are gym discounts for members and their families, onsite lifestyle coaching, an online wellness portal with an activity-tracking wearable fitness device, onsite chair massages, free onsite flu shots and free onsite biometric/diagnostic screenings, including checking cholesterol levels and other routine blood work (provided by a lab, results are confidential). The program also provides employees with six private mental/emotional health counseling sessions a year as well as financial counseling if desired.

Meritrust CU has established various partnerships to deliver these services, among them with the YMCA—representatives from this organization provide onsite lifestyle coaching, visiting the branches monthly to discuss exercise, diet and so on—and Sonic Boom (*www.sonicboomwellness.com*), a Carlsbad, Calif., provider that offers a constantly changing array of online and mobile app wellness challenges, rewards and incentives.

The credit union's program seeks to identify the total wellness needs of employees

Corporate Wellness Events

Company-sponsored health fairs featuring local vendors and the health-related products and services they offer are another way for organizations to augment their employee wellness programs, keep employees engaged and give them convenient, on-the-job site access to a variety of manufacturers and providers, says Jon Lash, owner of New Trend Events (*www.newtrendevents.com*). Located in Carlsbad, Calif., the company creates fun and informative health and wellness experiences for employers of large corporations.

Depending upon the event, employees will typically find representatives from various fitness-oriented businesses like gyms, boxing, yoga, crossfit, personal training and the like. "We always make sure that vendors bring something interactive for employees to try, like a fitness challenge or a new piece of equipment," he explains. "It's all about getting the employees to break out of their usual day and try something new."

Also in evidence are nutritional products or services, and even full biometric health screenings and flu shots, dentists, chiropractors or acupuncturists, if desired. They always have at least one massage chair at the events, and one or two nonprofits such as the American Cancer Society or the Red Cross to provide the latest information, says Lash.

"We've been doing these events for a while and we've seen that companies are looking for new ways to keep their employees fit and healthy," says Lash. "The goal of these events is to make fitness and nutrition as accessible as possible for employees. Company leaders have seen that by providing health programs for their employees, their productivity goes up and sick days go down. And as they say," Lash adds, "healthy employees are happy employees."

Meritrust CU employees cross the finish line at Tiger Trot, a run to benefit Tanganyika Wildlife Park, a family-owned, privately-funded zoo located near Wichita, Kans. The zoo works to conserve rare and endangered species. Meritrust CU sponsored the race and provided dozens of runners and volunteers.

> “We recognize good health is good business.”
> Evan Wilson

and their families, encouraging utilization of the program’s resources (“We’re proud to have 100 percent participation in at least one wellness-sponsored offering,” says Wilson) and educating and empowering employees to approach health more proactively and to make better choices.

The launch of the Sonic Boom activity tracking component was a big step forward in providing greater accountability and giving employees the opportunity to participate in various competitions, such as step challenges, says Wilson.

“This has energized our employees and elevated the program to be more in line with the expectation today’s younger employee base has of incorporating technology into daily life,” he says.

Decreasing Healthcare Costs

According to Wilson, one of the benefits of the CU’s wellness program—in addition to a happier workforce that is better able to serve members and the community—is reduced costs of claims and medical expenses.

“There is a direct correlation between participating in a wellness program and decreasing health costs,” he explains. “This, in turn, could lead to lower premiums.”

CUES member Ginia Chapline, CSE, SVP/talent for Texas Trust Credit Union (*www.texastrustcu.org*), says she’s seen evidence of this at the CU. “In our recent renewal meeting with our broker, we’ve seen a decrease of 16.1 percent in our healthcare cost this plan year,” says Chapline. “Whether this drop is directly related to our wellness program or not, this is a good sign that Texas Trust CU is raising health awareness and that our employees are participating in making healthy choices.”

The full-service financial institution, headquartered in Arlington, has $950 million in assets and 234 full-time and 36 part-time employees.

The credit union’s wellness program was revamped in 2015 with the launching of Sonic Boom, which replaced a wellness program that was not as interactive, says Chapline. This transition has upped the employee participation rate from about 23 percent to 79 percent, with 151 active employee participants. The Sonic Boom program provides a variety of ways for employees to get involved, such as tools, contests, challenges and incentives that place the focus on physical activity, weight management, stress reduction and more. The program also offers the ability to earn rewards based on participation.

Other wellness activities include monthly Lunch and Learns, provided by a local fitness partner, and boot camp and yoga programs.

The Lunch and Learns are designed to get employees thinking differently about food, exercise and their overall health, says Chapline. The boot camp program (run year-round on Mondays, Wednesdays and Fridays) and the yoga program (run on a four- to six-month basis on Tuesdays and Thursdays) are designed to get employees moving. Both are free, held after work hours at the credit union’s headquarters and are run by certified instructors.

“Our boot camp has anywhere from 10 to 23 participants per session and yoga from five to eight participants per session,” says Chapline. “Employees do not have to attend every session but are encouraged to do so by the trainer and through our email blast messaging.”

Keeping Participation High

Chapline says employees are very engaged in the programs, always asking questions about what’s coming next. Changing things up, keeping programs fresh and exciting is key to a successful wellness effort, says Christian Gauthier, sales account executive for hubbub health (*www.hubbubhealth.com*). Located in Portland, Ore., the company provides wellness and engagement consulting services to a variety of organizations. This is done primarily via hubbub’s website or mobile devices (where a variety of challenges, contests and so on are offered, such as take more steps or eat more fruits and veggies), but hubbub also offers onsite health coaching.

The company takes a holistic approach, addressing not just physical wellness but also financial and mental wellbeing—something many credit unions are doing, says Gauthier.

“It’s important to keep the program new and fresh and not to run the same kinds of challenges and activities month after month,” he says. “It’s also important to offer a broad range of different kinds of challenges and activities to better the chances that employees will find something to connect with.”

Employee wellness programs have grown increasingly popular, particularly among financial institutions and other organizations where employees do a lot of sitting, Gauthier says. CEOs are becoming mindful as to the detrimental effects of prolonged inactivity. “People say that sitting is the new smoking,” Gauthier says, and are looking for ways to get employees moving more.

Wilson says the credit union is constantly promoting the CU Well program, keeping it front and center in employees’ minds by sending out emails, using the Sonic Boom wellness portal and also Meritline (the organization’s intranet). The program is discussed at all-employee meetings, included in the employee handbook and part of new-employee orientations.

Another resource is the wellness committee, a team of five to 12 people from all parts of the organization who regularly evaluate the program—what's working, what's not, and how to better encourage employees to own their own wellness. These committee members—who can stay on the committee for as long or as short of a time as they like—also conduct an annual informal survey, getting feedback from employees about the program and their participation in it.

Both the Meritrust CU and Texas Trust CU programs incorporate activity-tracking devices help keep people engaged and motivated. Meritrust CU provides the fitness devices for free to employees. Texas Trust CU charges employees an initial cost of $30—the total cost of the device is $60—and once the employee completes an annual exam/physical, they submit a form and get their $30 back in the form of a gift card.

Recognition and rewards also boost engagement. Meritrust CU employees receive points for their participation and can redeem these for up to $600 annually. The credit union also recognizes "Wellness Warriors." These awards, handed out quarterly, go to individuals nominated by their peers for their wellness accomplishments. Texas Trust CU employees also earn wellness points that move them through different levels of the program with awards/gifts varying by the level (some of these include water bottles, fitness balls and a choice of backpack or gym bag).

Getting top-down support is critical, says Gauthier. "One of the most important contributors to success is leadership involvement. For example, you can encourage employee engagement by involving leaders in challenges, closing the gap between the C-suite and employees." Chapline says their CEO participates in the program, attending the boot camp and yoga classes and cheering employees on at various events/challenges.

Getting Started

Wilson agrees. "Get upper-management's support," he says. "Without that, you will not have a successful wellness program. From there, figure out what employees want from the program and let their feedback be your guide in developing and implementing the program."

Employees need to weigh in on what they want from the program; wellness programs must be employee-driven, rather than employer-driven, Gauthier says. "It's a *big* mistake to dictate the program rather than encouraging employee ownership," he explains. "When you push it on employees, they push back."

Meritrust CU employees (including Randy Doerksen, CFO, in the green, and Evan Wilson, chief experience officer, in the red) helped raise more than $530,000 in the 2016 Tour de Cure bicycle race to benefit the Heartland Region of the American Diabetes Association. Meritrust President/CEO James Nastars (not pictured) served as campaign chairman for this race.

> "In our recent renewal meeting with our broker, we've seen a decrease of 16.1 percent in our healthcare cost this plan year."
> Ginia Chapline, CSE

Wilson's wellness committee was formed very early in the process of implementing the wellness program. The committee now works in partnership with payroll and benefits, which administers the program under his oversight.

Texas Trust CU also used a committee to get things rolling, says Chapline. Dubbed "SuperChamps," this group consisted of 12 employees who indicated they were interested in helping to launch the wellness program. Membership was also determined by which location the prospective committee member came from and his or her ability to help with different locations. At this point, because the wellness program is fairly self-sustaining, the committee is not ongoing, but its efforts were integral to program implementation.

What else should credit unions keep in mind? The program shouldn't be just nine-to-five, but one that also encourages activity outside of the workplace, keeping wellness top of mind, Gauthier says. Don't make it one-size-fits-all, but offer a range of options for employees to choose from since not every person is going to have the same needs, interests, abilities or objectives. Then, back it.

"These programs have to be nurtured," Gauthier says. "If the people tasked with running the program aren't getting the support they need, this can become a drain and a stress on them. These programs are typically overseen by HR, and these people wear many hats as it is."

CUs should take a different perspective when it comes to looking at ROI and wellness programs, he adds. Often when organizations makes an investment, they want to see a pretty quick return on costs. "But employee wellness is a progression. It's a long-term commitment," says Gauthier. "When looking for ROI, what we should be looking at is a return on *wellness*, which includes productivity, morale, reduced absenteeism and factors other than direct costs."

Pamela Mills-Senn *is a freelance writer based in Long Beach, Calif.*

Resources

Read an article about employee financial wellness at *cues.org/1116financialwellness.* And read an article about employee retention at *cues.org/1116breakups.*

Diversity at the Top

Is it worth finding a variety of leaders for your organization?

By Dwain Celistan

In most organizations, the senior leadership is typically not diverse enough to include people of a variety of ethnicities—or even women. In fact, the Fortune 500 has fewer than 10 percent CEOs from minority groups, and the number of leaders who are not Caucasian or female at senior levels in most large organizations, across all industries, is also in the single digits.

As an executive recruiter who focuses on helping companies find diverse leaders, I interact with senior executives across industries, typically in larger firms. Some organizations have taken the perspective that their leadership is not diverse because there is not a need or there isn't sufficient value in adding diversity to their senior leadership ranks.

This "old school" view is still pervasive. A way to address this line of thinking is with facts from objective sources.

An extensive study, "The Bottom Line: Corporate Performance and Women's Representation on Boards," was conducted of Fortune 500 companies between 2001 and 2004 by the non-profit group Catalyst (*www.catalyst.org*). The report concluded that "those companies with the highest representation of women board directors attained significantly higher financial performance, on average, than those with the lowest representation of women board directors in the report."

Specifically, the report highlighted the favorable financial situation of companies with a higher percentage of women on boards vs. those with the least in three important measures:

- return on equity: on average, outperformed by 53 percent.
- return on sales: on average, outperformed by 42 percent.
- return on invested capital: on average, outperformed by 66 percent.

The study's broad measure of performance can be complemented by a case study from a Fortune 500 company. Over 10 years, this company had a relatively stable stock price, flat market share and low ROIC. A new leader came in in the seventh of those 10 years. Unfortunately, his improved leadership did not yield improved financial results. Then, the company added several diverse leaders in critical roles/functions:

- SVP/operations—responsible for more than 80 percent of the company's headcount;
- plant manager (out of three total);
- two area vice presidents (out of eight total); and
- VP/marketing (out of three total).

This group of leaders was charged with improving the business behind the same vision and overarching strategies. The bar was not lowered for expectations or results.

Over the next four years, the business improved across the most important metrics (see table, below.)

Most importantly, the industry category was flat; there wasn't any significant merger or acquisition activity.

Having established that diverse leaders can and do make a difference, another hurdle that is mentioned by organizations that do believe there is a value in diversity is "we can't find them." There is no question that the pool for diverse talent is more modest; however, it does exist. These leaders can be found.

Case Study: Diversity at a Fortune 500 Company

	10-year pre-period	4-year post-period with more diverse team
ROIC	Under 6%	Nearly 11%
Quality	Base line	90% improvement on same measures
Share	Flat to declining	Consecutive periods of growth
Stock price	$12-18/share	$36-42/share

As a first step, when considering candidates for open leadership roles, diversity should be strongly encouraged for the candidate slate. By definition, a candidate is someone that the client will seriously consider for the open position.

Many diverse candidates for executive roles have several strong characteristics and experiences that enable them to go farther in the hiring process and many times reach the "finals."

My experience is that diverse candidates tend to reach senior levels based on performance across many dimensions and are less likely to benefit from being a one-dimensional leader.

This breadth tends to make them more appealing and has led to DHR International placing diverse candidates in one out of three of its searches.

There is a true business case for adding diverse leaders and the companies that do should increase their likelihood of marketplace success.

Dwain Celistan *is an executive vice president and global diversity practice leader with DHR International* (www.dhrinternational.com)*, a top five global search firm. He has consistently maintained over 70 percent of placements with diverse executives.*

Resources

Read "Good Governance: Age is a Board Diversity Issue" at *cues.org/121714goodgovernance* and "Italy's 'Pink' Rule for Boards Good Food for Thought" at *cues.org/062712skybox*.

#SocialMedia #BestPractices

10 tips to help you gain the most from your social strategy.

By Stephanie Schwenn Sebring

Whether it's sharing money ideas, a member moment or showcasing your credit union's role in the community, the innovators are getting it right when it comes to social media.

Their mindset? Not that social is a "valid" communications tool; most everyone's on board with that. But rather, that social media is a valuable, versatile and personal way to reach members—not used to outwardly sell, but as a way of intimately connecting with the people you serve and community at large.

Here are 10 ways to use social media most effectively.

1. Experiment and Research

"Test what works best for your members," recommends Mike Lawson, host of CUbroadcast (*www.cubroadcast.com*). "I understand many credit unions don't have the resources to experiment with various social media networks, but this is what the experts do."

See what works, then try it again a different day, time or in a different format, adds Marne Franklin, digital project manager for CUES Supplier member Your Marketing Company (*http://yourmarketing.co*), Greenville, S.C. She reiterates that this type of exploration is consequential for credit unions: "Social lends itself perfectly to try new things, a different approach or pretest bigger campaigns."

Learn from the experts, and let them do the groundwork for you. "Let them fail, make the mistakes and find the solutions," continues Lawson. "Research is a huge time saver for CUs with limited resources. A little prep work can go a long way in combatting limited resources. Also, learn about the strategic risks, and use these to experiment, discover and ultimately better connect with your members."

Strategic risks can include managing possible negative comments; the time producing and responding to social media efforts (being consistent and timely); and defining the right permissions, approvals, access, data classifications and collaboration processes.

2. Use the Right Tools

Popular platforms can help you to better manage your social channels, including Everypost (*everypost.me*), Buffer (*buffer.com*), Socialoomph (*www.socialoomph.com*), Hootsuite (*hootsuite.com*) and Sprout Social (*sproutsocial.com*). "If you're an ardent

Twitter user and manage multiple accounts, Hootsuite is tops," adds Lawson. "And since CUs are often short-handed, Buffer is another tool that can save time and increase your productivity, and is especially helpful if you're on multiple networks."

Tools can also be used to measure success and member engagement, including clicks, views and shares, offers Franklin. "Hootsuite is one of the best products on the market; personally, I use Sendible (*sendible.com*). But whatever tools a CU decides upon, the decision should be case-by-case, based on needs, dependent on your budget and number of channels in the mix. Don't overspend if you don't need to."

3. Strive for Consistency

Randy Smith, CUDE, co-founder and publisher of CUES Supplier member CUInsight.com, is adamant about the role consistency plays in a CU's social strategy. "It's imperative to success that there be a consistent flow of information. It enables your members to find and learn about you and the people inside your CU," he explains. "You must know *where* your members are, and *be* where your members are."

Brand voice should also remain constant. "It should match the tone of your website and all other marketing channels," adds Franklin. "This preserves your brand identity, and creating a planned strategy will help keep your brand consistent on all of your channels." She also advises against giving account admin rights randomly to individuals within the CU who may or may not understand your strategy, voice or direction.

However, if time is an issue, Smith suggests finding a talented employee who is active on a particular channel to champion it—as long as they understand your strategy and can inject your brand voice. "Strategy still falls on the marketers, but seek help from those who know how to use the channel in their personal lives," says Smith. "Find employees who are active on social media; they can contribute to the flow of information."

While not as prevalent as in the past, Smith urges CUs not to restrict employees from having access to social channels while at work. "Everyone should have the ability to communicate with members via social like any other communications channel, such as phone or email."

4. Go for Engagement

It's why any savvy business is on social media. "Use it as another layer of vibrant, personal and approachable

Who Should You Follow?

Mike Lawson of CUbroadcast shares his favorite social credit unions (and banks):

Avidia Bank (*www.avidiabank.com*)
Banksmart (*www.banksmart.com*)
Elevations CU (*www.elevationscu.com*)
Grow Financial FCU (*www.growfinancial.org*)
Navy FCU (*www.navyfederal.org*)
San Diego County CU (*www.sdccu.com*)
Golden 1 CU (*www.golden1.com*)
Vancity CU (*www.vancity.com*)
Verity CU (*www.veritycu.com*)

Quick Take

Marketo.com (*http://tinyurl.com/QuickTake*) reports 31 percent year-over-year growth in social networking by financial institutions. It also reports that 59 percent of customers are unaware of their firm's presence on social media. Of the different types of social, online video is very effective; 46 percent of consumers are more likely to investigate a product after seeing an online video.

communication with members," offers Franklin. "Leverage your personality and involvement in the community. Let engagement be a catalyst for organic growth with post clicks and shares. Increase engagement levels by tagging members in posts, which boosts shares and accelerates your post ranking in members' news feeds. Encourage staff to share posts as well."

Ask employees to share the post on Facebook or retweet on Twitter, not just copy it into their status. Sharing helps to build engagement and increases the placement of the post in a user's newsfeed, and, it enables others to share the post in its original format. It also ensures attribution to you, the CU. Those who share the post can add their own comments or endorsement.

How often should you post?

Resources permitting, Franklin suggests posting five to 10 times a week on Facebook. For Twitter, tweet at least five times a week, but Franklin adds the top guns are tweeting up to four times an hour. "Forty percent of all Twitter accounts are dormant," she continues. "Don't start a Twitter account and let it die after just one tweet. That's worse than not being on (the channel) at all."

Like all best practices, it's striking a balance with limited resources. "But don't worry that your followers will get inundated with your posts or tweets," says Franklin. "They won't see them all."

To stay on track, take 30 minutes each week to schedule posts. "Viewing the entire week will enable you to space and schedule your posts appropriately," says Franklin. "For promotional messages, sit down and craft your message, so they have the same tone, but not the exact text. Then have matching messages on Facebook, Twitter and possibly Instagram. For posts that perform well with your members, consider putting a few paid advertising dollars behind the post to boost engagement."

This is a way for your content to reach nonmembers and members who haven't yet liked your page, explains Franklin. Because the post doesn't exist solely on your CU's wall, it becomes integrated into the newsfeed of the audience you choose to target.

"Even a $50 monthly budget can gain some ground on Facebook," she continues. "You can target the dollars based on geographic area, interests and life events. And remember, one out of every five page views (20 percent) in the U.S. happen on Facebook. Worldwide, there are over a billion daily users."

Franklin offers this success story: "When the Wells Fargo scandal broke, one of our CU clients turned to Facebook with the message, 'Is your money safe? Bank local. Bank with our credit union.' The original organic post reached 1,200 people. By boosting the post for only $10, the CU was able to reach an additional audience of over 1,550 potential members. That small budget more than doubled the number of people who saw the message."

5. Identify the Must-Have Channels

Lawson believes Facebook, Twitter and YouTube are still the mainstays right now. But Instagram is closing in fast, and Pinterest may be a contender. Smith says that if you can only pick two, try Facebook and Instagram.

Smith, in particular, loves what CUs are doing with Instagram: When you compare what CUs are doing on Facebook and Twitter to their growth and activity on Instagram, CUs are ahead of the curve there, he says.

"Instagram also fits perfectly with a CU's community message and member connection. It can present the CU philosophy quickly with photos or graphics in a more candid, expressive or descriptive way." In 2015, Smith says, only about 10 CUs were active on Instagram. Now, at the close of 2016, almost 600 CUs are actively using the channel as part of their social strategy. As CUs continue to gain momentum, Smith envisions a similar progression with Snapchat.

Why Snapchat? Some CUs are using Snapchat to illustrate their personalities through quick hits of information.

"They're showcasing community involvement and the CU difference," explains Smith. He especially likes what CUES Suppler member CUNA Mutual Group and Experian have done with Snapchat, as well as Travis Credit Union, Maps Credit Union and Wings Financial Credit Union.

"With Snapchat, you can't just 'search and follow.' Users connect directly with other users, making it much more about communicating back and forth."

Snapchat is also attracting the under-35 crowd in droves right now. Bloomberg Technology (*http://tinyurl.com/BloombergSnapchat*) reports 150 million Snapchat users daily (surpassing Twitter, which has about 140 million). And growth doesn't seem to be slowing.

Lawson concurs that Snapchat is "very social" and popular with the younger audiences. "However, it's not a place where educational content resides with great anticipation. For example, my 15-year-old daughter is on Snapchat, and so are all of her friends, and it is the last place she expects financial information to be. But that's what we used to say about Facebook, and look at credit unions there now—Navy Federal Credit Union made over $200 million in loans from its Facebook page a couple of years ago. That's what's fascinating; social media changes, morphs and evolves by the day, it seems. So who knows with Snapchat?"

Snapchat can also be advantageous for certain live marketing scenarios. "Experiment with Snapchat at kids or collegiate-type events or even member appreciation days," advises Franklin. Use it to broadcast snippets of live happenings, such as a member workshop or behind-the-scenes look at a community or charity event.

Still, if a CU is just starting out on social, Snapchat is probably not the first choice. "As millennials and Snapchat mature, the network could very well become an equally viable place for CUs to go," says Lawson. The channel right now is in an experimental time for CUs and not an "all-in" place just yet.

6. Don't Spread Efforts Too Thin

With limited resources, find a network or two and stick with them, says Lawson. Take baby steps. And keep it simple. Schedule posts ahead of time so you're not on social media all day. Check and post in the morning, at lunch, in the afternoon and maybe once in the evening.

Using the right management tools, like the ones mentioned earlier, can also make multiple networks easier to manage. And whatever channels you choose, Franklin stresses the importance of fully engaging on those channels so that engagement will become a means of organic growth. "For instance, let your social channels be a resource for potential members considering a switch." She adds that social can't be considered a "trend" anymore, and if your CU is still viewing it in that manner, it's a mistake. Consumers are now looking at business Facebook pages as part of their normal buying process.

7. Keep it Real

Authenticity is at the heart of social media. "It's not overly produced; it's candid and sincere," submits Smith. "You don't overthink or stage things. Social media lets people know who you are and what you're all about."

Lawson adds that while content on social channels should be informative and relevant, keeping the personal connection is vital. "Don't be salesy; be human. Humans connect with other humans, not logos or buildings or 'buy now' messages. Social media and sales are like oil and water, not peanut butter and jelly. Have a personality; be genuine. That's what connects, and that's your goal." He also reminds that while CUs "rock with rates," don't talk about it. "Social media is the place to tell your story that will connect with members. Not sell."

8. Use #Hashtags

Relevant hashtags will boost engagement levels. "They're a way for you to let members find topics important to them or for you to tie in with national initiatives or local events," says Franklin. "For example, at Your Marketing Company, we use the hashtag "#yeahthatgreenville" (created by VisitGreenvilleSC) to tie in with local events we're participating in."

Hashtags have been a mainstay for Twitter but are gaining momentum on Facebook. "Used correctly, they're a helpful sorting tool," offers Franklin. "But don't use hashtags randomly; they should make sense and correlate with your post." (To see what hashtags are trending in the U.S., try tools like *hashtagify.me*.)

9. Measure Impact, Not Just Numbers

Social media already has the numbers, says Lawson. Instead, try tracking success on a more personal level: "Look for what people are *actually saying* in their posts on various networks. Lots of retweets, likes and shares are great, and that increased activity certainly helps in validating your social proof. But going to a deeper level with what people are saying about you gets to the core—positive or negative. It's a conversation opportunity that everybody sees and many will react to either online or off. That's where loyalty blooms, trust blossoms and business happens."

Your content should also position your CU as a trusted teacher, there to help members improve their lives financially. "If you can do that, the business will follow," continues Lawson. "It's called 'reciprocation.' You do something nice for somebody; that person will do something nice back, especially if what you offer benefits their lives." It's about connecting with, helping and influencing followers.

The Experts' Accounts

CUbroadcast
Google+ *http://tinyurl.com/CUbroadcastGooglePlus*
LinkedIn: *www.linkedin.com/in/michaellawson14*
Twitter: *www.twitter.com/cubroadcast*

CUInsight
Facebook: *www.facebook.com/CUinsight*
Instagram: *www.instagram.com/cuinsight*
Snapchat: *www.snapchat.com/add/cuinsight*
Twitter: *www.twitter.com/CUinsight*
LinkedIn: *www.linkedin.com/groups/4279962*

Your Marketing Company
Facebook: *www.facebook.com/yourmarketingco*
Instagram: *www.instagram.com/yourmarketingco1*
Snapchat: *www.snapchat.com/add/yourmarketingco*
Twitter: www.*twitter.com/yourmarketingco*

10. Give it Time

Impatience can be any business's downfall when it comes to developing a robust, committed social strategy. "Many CUs start but don't continue because of a lackluster response from members," concludes Lawson. "It can take a bit of time to get going. But be patient. When it does take hold, social media is incredibly beneficial and powerful and enriching for your members."

Stephanie Schwenn Sebring *established and managed the marketing departments for three CUs and served in mentorship roles before launching her business. As owner of Fab Prose & Professional Writing, she assists CUs, industry suppliers, and any company wanting great content and a clear brand voice. Follow her on Twitter* @fabprose.

Resources

Read Web-only bonus at *cues.org/1116videos* and *cues.org/1116insidemarketing.* Also read "PR Insight: Time To Get Your Social On" at *cues.org/1016prinsight.*

Check out the new CUES Podcast at *cues.org/podcast.*

Attend CUES School of Marketing™ I (*cues.org/sosm*) and II (*cues.org/sosm2*) this summer in Seattle.

Time to Offer HSAs?

Credit unions that want to be successful in this market need to focus on three key issues.

By Steve Christenson

Wells Fargo announced at the end of May it planned to exit the health savings account marketplace by selling its HSA business to one of the HSA specialty banks.

This sale follows similar moves by other financial institutions, including U.S. Bancorp, M&T Bank, JPMorgan Chase & Co., Huntington Bancshares Inc., The Bancorp Inc., and insurer Assurant Inc. The banks have said that HSAs no longer fit their long-term business strategies (*http://tinyurl.com/WellsFargoHSA*).

According to Devenir (*http://tinyurl.com/DevenirHSA*), a leading independent investment advisor in the HSA industry, the number of health savings accounts grew to 16.7 million by the end of 2015 (up 22 percent for the year) with $30.2 billion in assets (up 25 percent).

Additionally, HSA investments grew in 2015 to $4.2 billion, a growth rate of 33 percent year over year.

Questions to Ask

Given this continued growth, you may be asking yourself the following questions:

- Why would full-service providers with national recognition exit the HSA business?
- Why are the Fidelitys (*http://tinyurl.com/hy2wr84*) of the world entering the HSA investment market?
- Why should credit unions enter and grow their HSA business now?

Consider how the majority of HSAs get started. An employer researches its employee benefit options for medical coverage and elects a consumer-driven or high-deductible health plan.

Originally, many providers had a subsidiary offering HSAs or partnered with a bank seeking to gain these accounts en masse.

But as public and private healthcare exchanges became more prevalent after the Affordable Care Act, many consumers were left to find their own HSA solution without proper education.

This knowledge gap also exists for employees at companies moving to a defined contribution-type employee health plan, where an employer provides an allowance or extra pay to employees designed to purchase their own health care outside any employer involvement.

Take a look at the organizations exiting the HSA business. Many of them treated HSAs as a unique demand-deposit account and expected average consumers to understand their need, then come into the branch and establish the account.

Herein lies the fault in the plan. Unless the consumer had an HSA previously, that is unlikely to happen.

Thus, HSA growth was lower than what these organizations expected, and led them to believe HSAs would not achieve investible balances for their investment arms. (This is the point when the HSA covers the annual deductible and the

HSA accountholder is looking to invest beyond the DDA or savings account [e.g. mutual funds] for longer term.)

Alternatively, Fidelity and similar organizations have found health savings account balances are growing and investors are contributing more the longer the HSA is in place.

Plan owners are also learning to understand the substantial role HSAs can play in addressing health care concerns and long-term care needs.

To continue this momentum, more eligible consumers need to be educated on how to establish HSAs, use their dollars wisely and save for future needs.

The Opportunity for Credit Unions

The credit union mantra has often been to serve the underserved, and the HSA marketplace has evolved to be exactly that—underserved.

At the end of 2015, only 817 credit unions had HSA assets, holding an estimated $1.18 billion (*http://tinyurl.com/CreditUnionHSAs*). Credit unions can be successful in this market space but need to focus on the following three key issues to continue to find room for growth.

1. Member Education

Because of their local community involvement, credit unions have a greater ability to educate potential and current members about the benefits of HSAs.

Members generally trust their CUs to offer guidance for their current and future needs, so take advantage of the opportunity to educate them on the benefits of HSAs.

This can be done through electronic newsletters, banners on statements, partnering with local benefit providers or health care brokers, local advertising to attract new members of all ages and, most importantly, through savvy member service representatives.

2. Growth from Transactional Accounts

Credit unions offer competitive checking and savings accounts and debit cards—the primary tools for the initial HSA member account—and most current account platforms have HSAs available.

While HSAs require special tax reporting similar to IRAs, most credit unions already have this reporting capability available to them their core processor.

As most HSA accounts include a debit card tied to the account and from which accountholders use to pay for health expenses, the majority of the funding for these accounts can be driven through debit card interchange fees and minimal monthly account fees, which are likely to be less than what members may be paying to a HSA provider through their employer.

The key is to understand these accounts start small in generating transactions, but will likely increase over time with the member's experience and better planning, and will evolve to the point of having investible balances.

> More eligible consumers need to be educated on how to establish health savings accounts, use their dollars wisely and save for future needs.

3. Employer Changes

When an employer offer employees a high-deductible health care plan bundled with an HSA, they often pay the minimum account fees.

However, when the employer changes providers in an ongoing effort to provide an affordable benefits package (which can occur annually), this often leads to a change in the HSA provider.

It also means the employer will work with the new HSA provider. If employees elect to keep the previous HSA account open, they will now be responsible for any related fees.

This opens up the opportunity for a credit union to educate members and consolidate the unsupported accounts into its own competitive HSA.

The process repeats itself when a member changes employers. Remember, the HSA is owned by the employee (your members), so when the employee changes employers, the employer stops supporting the HSA and those terms and conditions fall to the member.

The unspoken opportunity here is whether the credit union wants to seek out local employers to offer HSAs to their employees. It is a cross-sell opportunity in the making.

What is Needed

The key to success is a solid marketing and education plan. You know best how to reach your potential and current members, but it is critical your staff be well prepared to discuss HSAs.

CU employees should be educated on the following HSA topics to ensure their experience with HSA members is a success.

- eligibility,
- contribution limits,
- eligible distributions,
- rollover rules, and
- tax reporting.

Misinforming a member on any of these key topics will lead to a bad experience and could damage your credit union's relationship with the member. This type of HSA education is readily available and accessible to credit unions.

HSAs Could Help Your Credit Union

When you hear about large players leaving the HSA marketplace—a space that shows continual growth and opportunity—you may wonder if they took all of the proper steps to drive their HSA business, or did they have the mindset the HSA is just another account people don't understand?

Now is the time to help your members understand and use an HSA to its full potential. Doing so will help you acquire members for life.

Steve Christenson *is executive vice president of Ascensus* (www.ascensus.com)*, Dresher, Pa.*

Resources

Read "Healthcare Checkup" at *cues.org/0316healthcare* and "Health Savings Accounts: A Magnet for Millennials" at *cues.org/0216hsa.*

Read an article about employee financial wellness at *cues.org/1116financialwellness.*

Also see "Creating Card Contenders" at *cues.org/1116cardcontenders.*

Attend CUES School of Strategic Marketing™ I (*cues.org/sosm*) and II (*cues.org/sosm2*) this summer in Seattle.

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Culture of Compliance

Steering staff to keep members' interests first requires practical guidance—and vigilance.

By Karen Bankston

This summer, Australian credit unions unveiled a Customer-Owned Banking Code of Practice (*http://tinyurl.com/aucobcop*), setting out "10 key promises," including pledges to be fair and ethical, focus on customers, provide clear information about products and services, lend responsibly, and comply with all legal and industry obligations.

A few weeks later, executives for the U.S. banking giant Wells Fargo admitted that they had fired 5,300 employees who were found, under pressure to meet sales goals, to have opened 1.5 million unauthorized deposit accounts and 500,000 credit cards.

These two snapshots could not be farther apart, both ethically and geographically. How can CUs steer their staff toward the example set by their counterparts down under and away from the one set at Wells Fargo? Providing adequate training on ethics and compliance and maintaining the right "tone at the top" are necessary elements, but "when it comes to compliance, you get not what you expect, but what you inspect," says Sean Cronin, president of ProcessUnity (*www.processunity.com*), Concord, Mass.

CUs may have a head start on maintaining a culture of compliance, given their mission to serve members by offering them the best products that serve their needs. If you're committed to that, ethical business practices naturally follow, Cronin says.

"But vigilance is required to ensure that the letter of the law is being adhered to at every level, so that every decision is examined through the lens of compliance," he adds.

Sharing Responsibility

$1.3 billion CoVantage Credit Union (*www.covantagecu.org*) tackles this challenge by managing compliance within departments, so that the consumer lending department is responsible for ensuring that all staff adhere to lending regulations and the mortgage team takes charge of compliance in that area, for example, explains Dianne Noskowiak, VP/internal services for the Antigo, Wis., credit union.

A separate compliance department tracks new and upcoming changes to rules and regulations, ensures that managers are well informed of new and revised rules, and tracks timelines and assists with implementation, Noskowiak explains. The compliance department also conducts reviews throughout the year to pinpoint weaknesses or redundant processes and to confirm that compliance efforts are meeting their objectives.

"We define our culture of compliance as a strong team effort," she says. "Everyone from senior management to tellers are aware of the importance of regulations, policies and procedures. For us, it works to have the managers of each department responsible for their own areas, which includes ensuring policies and procedures are up to date, knowing the risks of non-compliance and training staff on any changes."

Some regulatory changes are especially hard to manage and burdensome in terms of deadlines, staff time and vendor expenses, Noskowiak says. For example, implementing the recent rule about TILA-RESPA Integrated Disclosures (*http://www.tinyurl.com/tilarespaintdis*) involved several departments and vendors, each with its own obstacles to overcome. A team approach was required.

"At CoVantage, I would say we have a 'mission culture' rather than a 'sales culture,'" she adds. "We look for opportunities to live our mission, which is to welcome all, regardless of wealth, and provide outstanding value and exceptional service to our members."

Not 'One and Done'

CUs have achieved a culture of compliance when "all employees understand what their responsibilities are related to regulatory compliance in their everyday activities," says Cindy Williams, VP/regulatory compliance for PolicyWorks (*www.policyworksllc.com*), Des Moines, Iowa. "This is the Holy Grail of compliance, something that everyone wants to do, but it can be very challenging."

Success calls for starting at the top, with the board and executive team in agreement that operationalizing compliance is a priority and a responsibility shared by all. Ensuring that all employees understand their roles in this "has to be an ongoing process," Williams says. "It's not a one and done, where you roll out some information and say, 'Here you go. Let's make this happen.'"

Compliance has to be talked about regularly, and information about the regulations that guide every department, process and procedure has to be readily accessible and translated in a way that makes it easy to do.

"Compliance can be scary and intimidating," she notes. "If you can create a regular newsletter that shares information in a simple, even fun, way, it sinks in over a period of time. I know it sounds simplistic, but I've found it to be very effective."

A combination of written resources and regular training on pertinent regulations can help employees understand how those rules apply to them and what's at stake if they're not followed. "Compliance is not just concepts and ethereal ideas," Williams says. "The more it is applied to their everyday activities, the more it will resonate with employees."

"So many things can go wrong if a culture of compliance is not instilled at a credit union. Every employee presents a risk," she adds.

Joining Forces

Three Alberta CUs are combining their compliance efforts through InStride Resources Ltd., a subsidiary company that is owned by and provides support services to $583 million Mountain View Credit Union (*www.mvcu.ca*), in Olds; $451 million 1st Choice Savings and Credit Union (*www.1stchoicesavings.ca*) in Lethbridge; and $614 million Lakeland Credit Union (*www.lakelandcreditunion.com*) in Bonnyville.

The CUs pooled their compliance operations through InStride in September 2015, recognizing the need for a more concerted and dedicated approach to compliance policymaking, training and support, says InStride's VP/Compliance Dale Scott, CCE, based in Olds. Previously, these tasks were a part-time responsibility of staff members in finance, operations or risk management.

Scott's job focuses on policymaking and training, and working with the boards, executive teams and staff to develop and maintain a compliance regime across all three credit unions and to conduct audits and risk assessments. He also supervises two compliance specialists who focus on daily anti-money laundering reporting and issues and fraud cases, working with CU staff and members. (*Read about another group of Canadian CUs that share a risk manager at* cues.org/0116oncompliance.)

"A key part of the culture of compliance goes beyond training staff on tasks and responsibilities to answer the question of why," he notes. "Why are there all these rules, and why do we have to follow them? Especially in the area of anti-money laundering regulations, why do we need to ask members questions they may find intrusive?"

Those kinds of questions are much more prevalent among longer-term employees who've seen a shift in operations. "We've been making a lot of changes in terms of forms, processes and procedures, so those questions have been coming up. It's important to help them understand why this is important as well as what they need to do," Scott says. "We try to convey the message that these rules are designed to protect members and the credit union."

AML compliance has resulted in significant changes in routine interactions and required employees to ask all members for additional details about transactions that seem unusual. That's been a challenge in training employees at small branches where they tend to know their members, he says. "They need to look at each transaction even if they know the member well. If it's an unusual transaction for that member, they may need to ask more questions and maybe even file a report."

> "So many things can go wrong if a culture of compliance is not instilled at a credit union. Every employee presents a risk."
>
> Cindy Williams

In terms of integrating compliance into operations, it may help to recognize that many of these processes and procedures are not at odds with strategy and the goals of member service. "It certainly fits within the member experience that we're asking questions to try to understand members' needs so we can give proper advice and supply the products and services they need," Scott notes.

In addition, asking questions about unusual transactions occasionally identifies possible fraud, he says. In that regard, "AML and fraud prevention work hand in hand."

Overt Mission

Control mechanisms are most effective when they're overt. Cronin borrows an example from military defense—the deterrent effect of large and visible armed forces, weapons and warships.

In the same way, training programs need to be backed up with spot checks and procedures to correct noncompliant behaviors and share the learning with employees.

"The message needs to be loud and clear: If we find minor problems, we're just going to use them as training opportunities," he says. "But if there's a major violation or fraudulent activity, there could be more significant actions, all the way up through termination. That kind of clarity can permeate the culture by letting people know we're serious."

In technology systems, some controls function largely "undercover," ferreting out potential fraud or errors after the fact. But other controls are more upfront, like big dialog boxes that appear on screen with preventive alerts and warnings. The latter are the types of controls that credit unions can emulate in creating and maintaining a culture of compliance, Cronin suggests.

Upfront controls (dialog boxes being one example) "let people know, 'This is important, and we're watching,'" he says. "Some people might have philosophical issues with that, but it does reinforce expectations, and that's part of the culture of compliance as well: 'We expect you to be on your best behavior, but we're not just going to trust you on this. Occasionally we're going to be checking.'"

Karen Bankston *is a longtime contributor to* Credit Union Management *and writes about credit unions, membership growth, marketing, operations and technology. She is the proprietor of Precision Prose, Portland, Ore.*

Resources

Read a bonus article about how to avoid a Wells Fargo-type compliance culture problem at *cues.org/1116oncompliance*.

Also read related articles about Canadian credit unions sharing a risk manager at *cues.org/0116oncompliance* and about vendor management at *cues.org/0516oncompliance*.

Get our monthly "On Compliance" columns delivered to your iPad or iPhone when you download the myCUES app and set up your profile to receive finance content. You can also get links to the columns delivered to your email inbox when you subscribe to the weekly CUES Advantage e-newsletter (*cues.org/enewsletters*.)

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[1] The Kaiser Family Foundation and Health Research & Educational Trust "Employer Health Benefits: 2015 Summary of Findings"
[2] CUNA Mutual Group Internal Data, 2016

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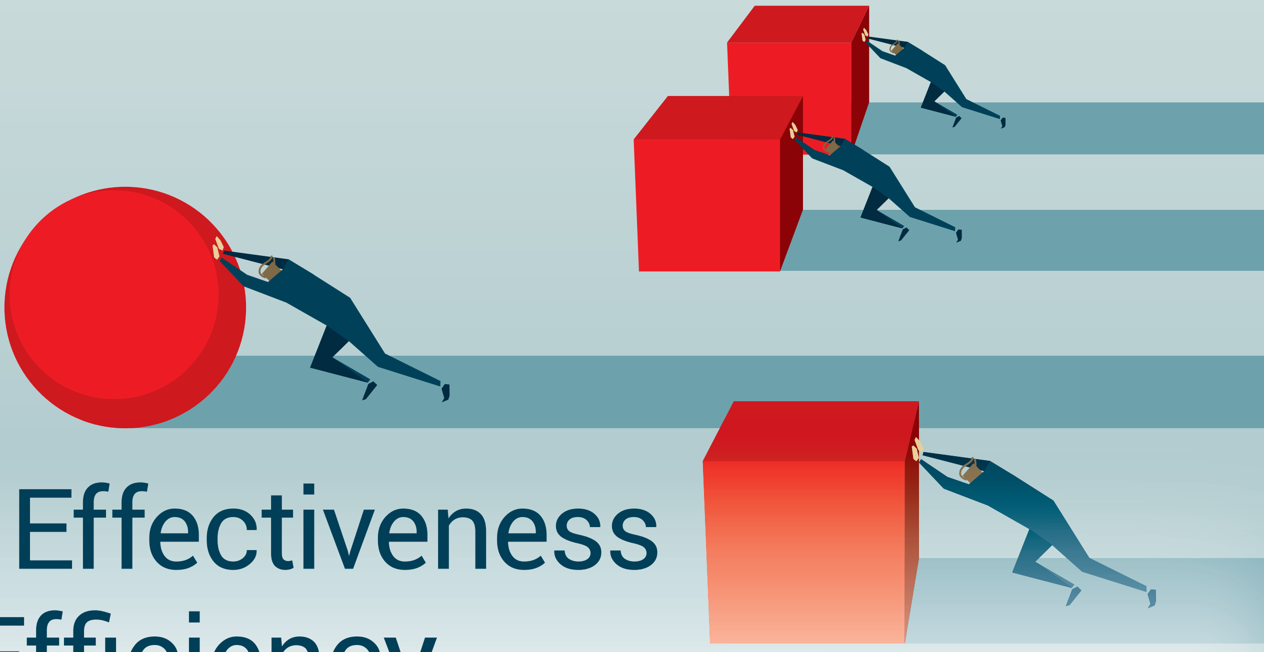

ERM Effectiveness and Efficiency

They're not mutually exclusive, as these examples show.

By Vincent Hui

Oftentimes, credit union leaders bemoan the volume of resources—both people and dollars—spent on risk management with limited visibility of what benefits, if any, this spend is creating. This allocation of resources is not done just for compliance, but also for such things as information security, vendor management and business continuity.

Asked why they have not been able to better manage these costs, credit unions often answer, "We're afraid if we don't invest, something bad will happen." Credit unions want to achieve maximum risk management effectiveness, but in reality many are practicing risk elimination or not managing the right risks in the first place.

Effective risk management and efficient risk management are not mutually exclusive concepts. The key to success is taking a risk-based approach. This includes a clear and focused understanding of what is most important in the risks the credit union is looking to manage, tying the level of effort to clearly defined targeted outcomes, monitoring the risks and allowing for the possibility of making adjustments.

Interestingly, this type of risk-based approach to performing risk management is already in use in many credit unions. It's often used to define internal audit's annual audit plan as well as to focus credit portfolio oversight via risk ratings. However, this approach is often not extended to other risk areas where such analysis could better inform the right balance between efficiency and effectiveness.

The following examples illustrate how a risk-based approach can enable CUs to better manage their investments without compromising on risk. We'll look at vendor management and patch management in this print article. For a discussion of how to manage the risk associated with complying with the Financial Accounting Standards Board's current expected credit loss rule (*http://tinyurl.com/fasbcecl*), see *cues.org/1116cfofocus*.

Vendor Management

Almost all CUs have a vendor management process in place that includes risk-rating vendors and doing regular vendor reviews. However, the relatively few high-risk vendors that your CU is managing are also simultaneously being managed by a thousand other CUs. This is colossally inefficient considering that thousands of peer institutions are looking at the same documents and coming to the same conclusions. Yes, the compliance "box" needs to be checked, but how effective are these activities in managing risk?

The focus should go beyond managing compliance risk to include the strategic risk inherent in CUs' vendor relationships. Defining and managing strategic risk requires that CUs know the nature of their vendor relationships, how much they spend on vendors, and the underlying drivers of the vendors' business (e.g., value proposition, the businesses they are in, their main competitors).

CUs collect and analyze a lot of due diligence data, but what is often lacking are key performance indicators in such areas as service quality, timeliness of delivery, price and effectiveness. Putting these KPIs in place can be done with minimal additional resources/efforts. For example:

- Include questions about vendor satisfaction in existing employee surveys.
- Find out what other customers of the same vendor think when employees go to conferences—particularly user conferences.
- Cultivate business involvement in vendor interactions to ensure business value and risk management objectives are achieved in each vendor relationship—i.e., enhanced service levels and improved utilization.

CUs can move beyond the typical vendor risk management program by seeking to improve the return on investment from all third-party relationships. With a similar level of time and effort as today, CUs will get more value from their efforts by going beyond dealing with "check the box" compliance risk to including more emphasis on strategic risk.

Patch Management

One of the most daunting challenges in information security is the utilization of patch management solutions to protect systems against vulnerabilities. Every device connected to a credit union's network is aging, and software is in a constant state of degradation. Patch management helps keep life in these products as well as protect them from compromising vulnerabilities.

The typical patch management solution consists of two pieces of technology—one to find the vulnerabilities and another to "patch" them—plus humans to operate both systems.

Networks can contain thousands of devices, such as switches, PCs, servers and mobile devices. When tasked to "patch" all of these systems, a CU's first reaction may be to purchase technology to identify all the vulnerabilities and patch all of the systems at once. This "swinging for the fence" approach (a.k.a. risk elimination) can cost a lot and seldom provides a consistent track record of success. Imagine rolling out a patch to all systems only to discover it has broken a critical application. (You do have a sound testing environment, right?)

So, how can credit unions improve the cost effectiveness of patch management without compromising security?

Take a look at your latest Gramm-Leach-Bliley Act (*http://tinyurl.com/ncuaglba*) assessment. Did you receive a risk threat classification model/matrix? This report should break down your major applications/systems and risk-rate them appropriately. Using this document as a starting point, thousands of systems can be reduced to smaller focus areas. Instead of remediating every device on the network, ensure that high risk systems are patched. Once completed, the next group can be addressed. Repeat this process until all systems and devices are addressed.

By properly staging patching based on risk, credit unions can better manage their IT resources and reduce risk by preventing unintended negative consequences.

As mentioned earlier in this article, credit unions also need to manage the risks associated with the 2019/2020 deadline for implementation of the Financial Accounting Standards Board's current expected credit loss standard, CECL. For more on this, see *cues.org/1116cfofocus*.

Investments in risk management can have a positive ROI if the credit union goes beyond the "check the box" mentality ....

Looking Forward

Investments in risk management can have a positive ROI if the credit union goes beyond the "check the box" mentality and puts more focus on defining the risks that are most important and the strong business practices required to measure and monitor them. There are three areas that credit union executives should explore when presented with the "opportunity" to invest in risk management:

1. Leverage required compliance spend to create value (which is the flip side of risk). What is the full range of risks that this investment can attack? Which of those risks have the biggest impact on the credit union's ability to serve members? For example, if you are going to spend the resources on vendor management, make sure you are focused on the strategic risks (and opportunities) that really drive value.

2. Let required compliance force functional improvements. What business practices can the credit union improve the effectiveness/maturity of, especially if the spending is viewed as "required"? What benefits can be identified and achieved? How can the credit union avoid the "no benefits expected as it is a required investment" scenario when trying to justify spending?

3. Look at execution alternatives. How will changing the pace of execution (and related spend) change the credit union's risk profile? Is the risk profile acceptable when compared to the resource cost? Is the proposed execution approach about risk elimination? If so, is that in an area already identified as one of zero risk tolerance?

The intent of these questions is not to block investment in risk management but to make sure the credit union's precious capital is used wisely to maximize the benefit to the credit union and its membership.

Vincent Hui *is a senior director with CUES Supplier member and strategic provider for ERM and technology services Cornerstone Advisors* (www.crnrstone.com)*, Scottsdale, Ariz. Hui thanks Cornerstone's Steve Carroll, Joel Pruis and Todd Stringer for their contributions to this article. Carroll is director/business continuity, Pruis a senior director and Stringer director of IS services.*

Resources

Read bonus coverage from this article about risk management related to the Financial Accounting Standards Board's current expected credit loss rule, also by Hui, at *cues.org/1116cfofocus*.

How balanced is your balanced scorecard if it doesn't factor in risk? Read more in another article by Hui at *cues.org/0615equilibrium.*

Hui is a guest in episode four of The CUES Podcast. He discusses enterprise risk management with CUES' Professional Development Manager James Lenz. Get more information at *cues.org/podcast*.

CUES Supplier member Cornerstone Advisors (*www.crnrstone.com*), Scottsdale, Ariz., is CUES' strategic provider of ERM and technology services. Learn more at *cues.org/cornerstone.*

NCUA's complaint management guidance may be vague and concerning, but also presents an opportunity to become more competitive. Read more at *cues.org/0916ncua.*

Technology on the Table

Embrace of automation to facilitate board business varies widely.

By Karen Bankston

Despite wide agreement that credit unions must get on board with automated delivery channels or risk being left behind, the adoption of technology tools in the boardroom across the industry runs the gamut from cutting edge to old school.

For example, the directors of Lake Michigan Credit Union (*www.lmcu.org*) no longer need to brave the snowy cold of a Grand Rapids, Mich., winter to get to board meetings. Instead, they can attend those sessions remotely via a videoconferencing system the credit union implemented in early 2015.

Lake Michigan CU directors have the option to join in discussions via WebEx from their iPad, iPhone or computer, or just phone in on a landline for an auditory connection. In the winter months, typically about half the directors are in the room, and the others may be joining from Florida, California and Colorado, says Razi Qadri, CIO/SVP of the $4.5 billion credit union serving 400,000 members.

The Cisco videoconferencing system broadcasts on two big TVs in the boardroom, powered by cameras and speakers that detect which directors and executives are speaking and focuses on them. Implementing the videoconference system "was pretty simple," Qadri says. "We installed the system on their iPad or iPhone, and all they need every month is the conference ID and log-in code to sign in. With a little training, they caught on quickly."

The Lake Michigan CU board also relies on technology to share information via an electronic board packet available through a secure portal sponsored by Diligent Boards, New York (*www.diligent.com*).

In contrast, board business at First Nebraska Educators Credit Union is conducted without much technological support beyond PowerPoint presentations on financial performance. About half of the 10 directors prefer to receive their board packets in paper form, and one doesn't have an email account. So Ann Loftis, CCE, president/CEO of the $117 million Omaha credit union serving 13,600 members (*www.1stne-cu.org*), supplements email messages with one phone call when she needs to communicate with the board outside of their regular meetings.

The bottom line is that board business proceeds efficiently and stays focused on serving members' interests, says Loftis, a CUES member. "Eighty percent of our board members are retired, but several came out of the education profession, so they're always interested in learning and seeing what new ideas might benefit the credit union. There are limits on the technology some board members would feel comfortable using themselves, but the board

is very interested in what's going on in the industry and willing to move in that direction as we are able to and can afford to add new technology for members."

To Tech or Not to Tech

Directors should reach consensus on how they want to handle the governance process, rather than having technology solutions thrust upon them, suggests Steve Williams, principal, CUES Supplier member and strategic provider Cornerstone Advisors (*www.crnrstone.com*), Scottsdale, Ariz. Board members should be able to try out new technology products or solutions and decide if they want to employ them as part of their governance.

It is possible to over-engineer past the board's comfort level, Williams says. Credit union operations and member-facing services can embrace technology without requiring the board to do so for its own business. He cites the example of a credit union with 20 volunteers on the board, supervisory committee and other committees, half of whom are technology neophytes. If the credit union purchases iPads for all of them and installs new software, "I've seen it eat up so much staff time that the IT department finds itself in the iPad amateur support business. The question is: Does that really make us more effective?

"It's perfectly okay for the board to say: 'We understand the value of technology, but it takes us too long to sign on and get to the right folders. We'd rather just have our board packets and committee reports printed and mailed out each month,'" he adds.

On the other hand, though many boards consist of directors who span the spectrum of personal technological comfort and affinity, "I think credit unions should move forward in utilizing technology in board business as best they can," says Michael Daigneault, CCD, CEO of Quantum Governance (*www.quantumgovernance.net*), a CUES strategic provider in Vienna, Va.

"I do not think credit unions should wait until 100 percent of their board members and other volunteers are technology-ready to start pushing that technology out. I think you should put a board portal in place and start using iPads and dashboards," Daigneault advises. "Put all that technology in place because the vast majority of people are computer-literate enough to use it. And if you are looking to recruit new people—especially millennials, which so many credit unions say they want on their teams—not having that technology in place may be a deal breaker."

Portal on Efficiency

There is little question that technology tools can facilitate board business. Board portals can be especially helpful in keeping documents and reports organized and archived for easy retrieval. Instead of directors searching their email inboxes for board packets and committee agendas, they can find everything quickly on a portal. "The idea of persistent information and always knowing where everything is can be a very effective use of technology," Williams says.

Portals are "a hyper-efficient way to store information and make sure it is official and up to date," Daigneault agrees. And portals improve staff efficiency as well, because employees are no longer spending time fulfilling requests from directors to resend reports.

Many directors find portals intuitive and easy to use because they "take the analog world and make it more efficient," says Kenny O'Reilly, CEO of

MyBoardPacket (*www.myboardpacket.com*), Arroyo Grande, Calif. "Board members have everything in one place, from a calendar of upcoming events to ongoing discussions, and ready access to board materials anywhere, anytime."

The MyBoardPacket portal offers built-in discussion boards that can be customized for individual groups, such as the loan committee or supervisory committee, with access limited to only members of those groups, O'Reilly explains. The site's voting mechanism can be used for everything from voting on resolutions to sending an RSVP and meal preference for board events.

Administering the portal "is so simple that it doesn't involve any IT skills to manage it or require the involvement of the IT staff at all," which also solves the problem of granting access to sensitive board documents to the information technology department, he notes. In many cases, the CEO or his/her executive assistant administers the portal.

Calling in Reinforcements

Can directors who don't use technology much themselves adequately represent the needs and wants of members who clamor for mobile and other remote channels? Loftis answers in the affirmative, noting that several members of the First Nebraska Educators CU board regularly attend directors' conferences, and the board chair is active in the state league, so they stay attuned to technology trends in the financial services industry. In fact, directors who attended a recent conference returned with questions about how automated kiosks might prove useful for members.

At the same time, Daigneault suggests that credit unions should be actively recruiting director candidates who are technologically savvy. "In many respects, credit unions today are information technology companies. IT is central to their member service mission and operations," he notes. "As a result, boards would benefit from having one or more members who embrace technology, not to micromanage innovation but to guide fellow directors in asking the right questions."

At the same time, many legacy directors and board candidates can bring valuable skills, wisdom and perspectives to the organization even if they are not technologically literate, so an affinity for automation shouldn't be a make-or-break criteria. The board structure proffers an inherent lag time, so that boards tend to catch up with change more slowly than credit unions themselves or society around them, Daigneault says.

"I don't mean to be disparaging in observing that the nature of most boards is to adapt more slowly," he says. "I think we need to be respectful of that while at the same time working to move boards and board members as close to the leading edge of technology as possible so that their voice remains relevant and they can grasp the technology advances under way at their credit unions.

"This is where form and content align—where individuals' familiarity with these tools and techniques begins to align with the experiences, needs and wants of members," Daigneault notes.

Williams agrees. "The iPad will soon be 10 years old, so it is not asking board members to be 'leading edge' by adopting some of these tools" if the consensus of the group is to incorporate them into their processes and interactions.

"If the board expects the executive team to adopt change management and stay relevant, there's a bit of owning that same philosophy at the board level," he adds.

For incoming directors, directors-in-training, supervisory committee members and other volunteers, familiarity with technology "should be an expectation coming in, but the question remains how best to support the veteran board member and community leader who has served ably for 30 or 40 years and resists using technology," Williams says.

The credit union can certainly offer coaching and support when introducing new technology for the board. "And in the case of that single emeritus board member, it's not out of the question for the executive assistant to quietly print out and supply the board packet," he adds, but only as a last resort. Ideally, it's worth it to support the whole board in developing such skills.

A good practice is to appoint as a "tech liaison" to the board, a staff member who knows how to explain and demonstrate the use of technology in simple and clear terms. The liaison is not an IT employee but rather a technically adept "power user" who understands the systems well enough to explain and guide their use to technologically averse volunteers, Williams recommends.

Sometimes, even tech-phobic directors are surprised to find that these tools are easier to use than they expect. O'Reilly shares a story about a credit union CEO who was concerned that some board members would balk at using a portal. He suggested installing the portal app on an iPad, handing it to board members, and telling them to tap the screen and experiment with it.

"He called me back and said, 'You were right!'" O'Reilly says. "People are surprised at how simple and intuitive it can be. If you can navigate online banking, you can use a portal."

Karen Bankston *is a long-time contributor to* Credit Union Management *and writes about credit unions, membership growth, marketing, operations and technology. She is the proprietor of Precision Prose, Portland, Ore.*

Resources

Read pros and cons about recruiting tech-savvy directors at *cues.org/1215hightechboards.*

Membership in CUES' Center for Credit Union Board Excellence (*cues.org/ccube*) offers a website of articles and videos designed specifically for directors. For a 30-day free trial, email cues@cues.org. For more details, see *cues.org/membership.*

Learn more about credit union governance by attending CUES Governance Leadership Institute™ (*cues.org/gli*) in June in Toronto and CUES Director Development Seminar (*cues.org/dds*) in September in Vancouver, British Columbia.

Quantum Governance (*cues.org/qg*) is CUES' strategic provider for governance services. Cornerstone Advisors (*cues.org/cornerstone*) is CUES' strategic provider for technology services.

Directors can get board-related content delivered to their iPhone or iPad when they download the free myCUES app (*cues.org/mycues*).

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Developing Director Development

Steps to take to offer just the right educational opportunities to your board.

By Charlene Komar Storey

Once upon a time, a few decades ago, a credit union hired a new, relatively inexperienced president. In that part of the Southwest, most credit union board members attended only local conferences. The new president decided that the credit union's board members should be able to go to more meetings, and some directors of nearby Guadalupe Credit Union (*www.guadalupecu.org*) asked if they, too, could expand their horizons.

It wasn't a bad idea. The only problem was that the other CU's neophyte president had inadvertently opened the floodgates at that institution, placing no restrictions at all on the whats, where, hows and how manys. Guadalupe CU executives didn't see that as a safe or sensible road to take, either financially or educationally.

"So we set up a budget," recalls CUES member Winona Nava, president of Santa Fe, N.M.-based Guadalupe CU, "that allowed each board member to go to one local and one national conference."

Over time the budget changed, and the conditions involved became more specific. Today, the $150 million credit union's strict educational requirements demand more than simply attending conventions. CUES members can access Guadalupe CU's volunteer education policy using the instructions in the "Resources" box on p. 43.

But 20 years back, Guadalupe CU had made a key discovery: A solid educational program for directors demands both a budget and a policy.

Build the Foundation

Before formulating a director education policy and budget, Michael Daigneault, CCD, recommends that credit unions take stock of where directors are in the their knowledge and learning needs.

"The first thing should be some type of assessment of the directors' skills and knowledge—where the board members are," says Daigneault, founder and principal of CUES strategic provider Quantum Governance (*www.quantum governance.net*), Vienna, Va. "Do you and they really know what they know and what they don't know? Sometimes, in all good faith, people think they know more than they do."

Daigneault recommends assessing both the board and members of key committees, especially members of the supervisory committee.

As an added benefit to doing such an assessment, if the members of the governance or nominating committee pay close attention over time to directors' skills and knowledge, they may be able to draw valuable conclusions that would complement the results of a formal assessment, Daigneault says.

Christopher Stevenson, CIE, CUES' SVP/chief learning officer, recommends making sure the learning plan written for directors requires them to cover credit union basics step by step—and doesn't assume anything about directors' previous knowledge. This is because a director who holds a full-time professional position that requires financial or organizational acumen still might not understand the specific duties and responsibilities of credit union board members.

"Don't assume, even if a new board member is a CPA or a CEO, that he or she knows the board's role," Stevenson says. "A certain level of orientation is needed to be sure all members understand the role of the board, your credit union and the credit union system.

"All directors should go through basic programs," such as the first modules on CUES Director Education Center (*cues.org/dec*), a benefit of membership in CUES or in its Center for Credit Union Board Excellence (*cues.org/membership*), Stevenson says.

As for credit unions' board education budgets, Stevenson says they are all over the map, ranging from as much as $20,000 to $30,000 per year per board member to as little as a few thousand dollars in total.

In determining a budget, Stevenson says, credit unions must start with the end in mind. "What will it take to orient new board members? How much for ongoing education?"

Consider Conferences

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“Break out of your shell. It’s one of the principal roles of governance and nominating committees to track opportunities out there for education.”
Michael Daigneault, CCD

Les Wallace, Ph.D. president of Aurora, Colo.-based Signature Resources (*www.signatureresources.com*), recommends that directors include traveling to attend conferences in their learning plans.

Why? Being away from all the usual interruptions and habits gives a learner a special focus. In addition, in-person networking at a learning event has value.

Wallace suggests setting a director devel opment goal of attending a minimum of one regional conference in the next two years. “It gets them in the conversation,” he points out, adding that networking in the region may help with mergers and acquisitions as well.

Kathy Sweeten, chair of South Burlington, Vt.-based NorthCountry Federal Credit Union (*www.northcountry.org*), says every member of that credit union’s board is encouraged to attend a national conference each year.

“It lets them see what’s going on on a national level and bring it back to Vermont,” she says.

But conferences are certainly not the be-all and end-all. Sweeten says her board also likes online learning opportunities because directors can complete them at their own pace and at times that are most convenient to them.

NorthCountry FCU CEO Bob Morgan, CSE, CCE, says the $515 million CU has made its learning program more formal over the past 12 months by listing educating staff and directors as a strategic goal. The board’s educational budget is $75,000, inclusive of the planning session.

“It’s not a trivial amount, but it’s important,” says the CUES member, whose board belongs to the Center for Credit Union Board Excellence. “It’s an investment that is paying off, in terms of the types of discussions we have and strategic thought.”

NorthCountry FCU’s official Volunteers Educational Policy is now 19 pages long. CUES, CUES Director and Center for Credit Union Board Excellence members can access it using the instructions in the “Resources” box on the next page. It outlines approved educational resources. Directors aren’t limited to those listed, but can apply for use of discretionary budget funds for others, Morgan says.

Respect Directors’ Time

Another reason CUs are looking at the full range of educational options—and not just conferences—is that volunteers face increasing time pressure.

That’s especially true for credit unions with one characteristic that differentiates them from the typical CU, Wallace says: They have been successful in getting highly competent, business-literate individuals on their boards.

Similarly, the variety of delivery options for board education may be an asset for credit unions that have young directors, according to Morgan. NorthCountry CU has nine directors (including the chair), three of whom are around 30 years old.

“People volunteer for many reasons, some to serve a cause, some to give back,” Morgan says. “Young people also volunteer to advance their professional growth, skills and management practices.”

As a credit union director, they get exposed to strategic discussions at a level they may not yet have access to in their jobs, he adds. They can bring the knowledge they acquire at credit union conventions back to their organizations, leading to potential advancement and making their CU education valuable personally.

“It’s easy and cheap to structure education during the year,” Wallace says. Certain magazine articles or even books can be suggested by senior management, the board chair, directors themselves or even a board coach. Once a quarter the board can have a discussion on the selected piece at the board meeting. A tool like CUES Learning Tracker (*cues.org/clt*) can be used to record what board members are reading.

Stevenson calls this kind of regular, ongoing education included in board meetings the “extra 30,” something he wrote more about at *cues.org/042813skybox*. In addition, CUES’ Center for Credit Union Board Excellence website (*cues.org/ccube*) offers its members videos and short articles designed to fit into the “extra 30” structure.

Daigneault agrees with the idea that CUs need to take a broad view of the available opportunities for credit union learning, including looking at events put on by the CU’s suppliers.

“Not a lot of credit unions have taken a comprehensive look at all the options. They default to credit union conferences,” he says, pointing out that educational offerings can be mixed and matched to meet individual directors’ needs.

“Break out of your shell,” Daigneault advises. “It’s one of the principal roles of the governance and nominating committees to track opportunities out there for education.”

Consider the Content, Too

But the plan shouldn’t just be for how the learning is delivered. The topics that directors explore also matter.

For instance, Daigneault says, the vice chair of the board and members of the supervisory committee might consider attending conferences on economics, technology, marketing, cybersecurity, social media, governance and even futurism.

“Part of the role of boards is to vision the future and understand as best they can where they're going. The best futurists look at existing trends and then draw logical conclusions about where they're going," Daignault says.

Wallace says that at least half of the credit unions in the United States could use more expertise on mergers and acquisitions. (Get more information about CUES' Mergers & Acquisitions Institute at *cues.org/mai*.)

Wallace also believes credit unions should embrace moving outside traditional limits to add a focus on board officer development, which may even require a separate budget. (He will lead CUES' Board Chair Development Seminar (*cues.org/bcds*) in September in Vancouver, British Columbia.)

Stevenson agrees. "Those tagged as potential officers should go to training sessions to help them prepare for the additional responsibility of their new roles. They may also benefit from programs that dive deeper into their areas of responsibility, such as executive education programs focused on governance, leadership and strategy," he says.

Credit unions might also want to consider sending directors to meetings outside the credit union silo, perhaps including those sponsored by BoardSource (*www.boardsource.org*), Stevenson notes. "In today's world, more information is portable to credit unions."

He adds that board members need to understand not just the credit union as a financial institution, but the credit union difference—and their credit union's unique characteristics, such as why it exists, why it serves members the way it does, and who the members are.

"Credit unions have a rich history," Stevenson says. "They're not run like a typical bank."

Charlene Komar Storey *is a veteran credit union writer based in New Jersey.*

Resources

Read a bonus article about how one credit union incorporates learning into its director onboarding process at *cues.org/110716skybox*. Also read a recent article about Daigneault's view of the role of today's committees at *cues.org/1116boardcommittees*.

CUES, CUES Director and Center for Credit Union Board Excellence members can access a variety of documents related to director education—including Guadalupe CU's and NorthCountry FCU's volunteer education policies—by logging in at *cues.org*, then choosing "Members Share" or "Director Members Share" from the "Connect" menu, and searching for "education." To join, visit *cues.org/membership*.

Membership in CUES' Center for Credit Union Board Excellence includes access to a website (*cues.org/ccube*) with videos and articles designed to support your board members' ongoing learning needs. Need a login credentials? Sign up for a 30-day free trial by emailing *cues@cues.org*.

Free to CUES Director and Center for Credit Union Board Excellence members, Director Education Center features recently enhanced and expanded courses developed by governance expert Michael Daigneault, CCD. Learn more at *cues.org/dec* and *cues.org/membership*.

You—or your board's liaison—can track your online learning using CUES Learning Tracker (*cues.org/clt*).

Daigneault also powers CUES' Self-Assessment for Credit Union Boards (*cues.org/boardassessment*). The "assessment-only" option is included with membership in CUES' Center for Credit Union Board Excellence.

CUES eVote: Elect and Educate (*cues.org/evote*) not only can power your next board election, but also comes with online training courses, an online discussion and Q&A forum, a subscription to this magazine, discounted in-person educational opportunities and a library of documents provided by peers.

Les Wallace will lead Board Chair Development Seminar (*cues.org/bcds*) Sept. 11-12, in Vancouver, B.C.

Get strategic about credit union combinations when you attend Mergers & Acquisitions Institute (*cues.org/mai*) next June at the University of Chicago.

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The Board-CEO Relationship

Governance and leadership are the core responsibilities of a credit union board, according to governance expert Michael Daigneault, co-founder and CEO of Quantum Governance, L3C (*www.quantumgovernance.net*), a CUES strategic partner.

"It's quite rare for anyone to say that the core reason we have a credit union board and their core responsibilities are to govern and lead, but what I try to focus on here is with that at the center. We focus in on this notion of the leadership and governance responsibilities of the board, in partnership with the CEO and senior management," said Daigneault during the CUES webinar, "The CEO-Board Relationship: Building a Constructive Partnership."

Arguably the key relationship at the credit union, the board-CEO connection is the foundation of the credit union's success.

This relationship notably begins with the hiring—or at some times the firing—of a CEO by the board, and it goes well beyond. Daigneault terms it "CEO support and oversight."

How Engaged is the Board?

When considering your credit union and how you'd like the board-CEO relationship to develop, gauging the board's engagement is one indicator to consider.

Conversations between the board and the CEO/senior staff likely exist somewhere on the following spectrum, with the goal, in Daigneault's opinion, to move toward inviting questions and co-creating.

Telling: Board meetings are about telling. The CEO, staff and committees are predominately informing that board about something. "People's opinions aren't really being asked. They are being informed of what has already happened or what will be happening," said Daigneault.

Selling: The objective is to convince the group of an idea or project and to overcome objections. The person presenting feels the plan is correct and wants buy-in.

Revealing: The presenter is "testing the waters." By throwing out ideas and getting feedback from the board, they want to gauge the board's interest. There will be more invitations for questions.

Consulting: The board is presented with a framework and idea. Then, they are asked to give feedback. This invites the board's input and expertise into ideas from the CEO/senior management.

Co-Creating: People at the table acknowledge that they don't know the next step and agree to put their heads together to decide what is best. They will analyze, learn, hear from experts and gather additional information. They are co-creating an approach for moving forward.

Ideally, engagement will exist across the spectrum depending on the types of conversations during the board meeting.

Read a longer version of this article at *cues.org/1216ceoboard*.

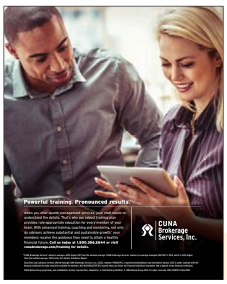
Resources

Listen to the webinar, " The CEO-Board Relationship: Building a Constructive Partnership" at *http://tinyurl.com/ceoboardwebinar.*

And learn more about Quantum Governance at *cues.org/qg.*

CEOs and board chairs attend CUES Symposium: A CEO/Chairman Exchange together. Exclusively for CEOs and their board chairs, CUES Symposium, Jan. 29-Feb. 2, in St. Thomas, offers unique ways to align your top leadership duo through shared learning experiences. Learn more at *cues.org/symposium*.

CUES' Center for Credit Union Board Excellence (CCUBE) is an essential membership for deepening director competency. Not yet a member? Sign up for a 30-day free trial by emailing *cues@cues.org*.



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Cahoon Named 2016 CUES Next Top Credit Union Exec

Shannon Cahoon, community outreach coordinator with $967 million Fibre Federal Credit Union (*www.fibrecu.com*), Longview, Wash., was named the 2016 CUES Next Top Credit Union Exec at CEO/Executive Team Network in October.

Cahoon's project to track the return on investment of financial education was chosen from a group of international applicants, all age 35 or under, who had been selected by a team of judges as Finalists in September. As one of five Finalists, Cahoon's blog and video updates over the past few months provided the industry with an insight into the project's progress, and culminated with a final presentation at CUES' CEO/Executive Team Network™ (*cues.org/cnet*). Cahoon emerged the winner after a four-part scoring process that included judging panel results, a measurement of her social media engagement, plus audience and online voting.

CUES Next Top Credit Union Exec Shannon Cahoon is congratulated by CUES President/CEO John Pembroke at CEO/Executive Team Network.

Cahoon recognized the importance of providing value in financial education, and being able to prove that value through a comprehensive system. The credit union industry in North America will benefit from Cahoon's turnkey system, allowing them to track, measure and prove the profitability of their financial education efforts. In her presentation, Cahoon provided suggestions for how credit unions of any size could implement similar programs of their own.

CUES President/CEO John Pembroke said, "Attendees at our CEO/Executive Team Network conference were excited that Shannon Cahoon and the rest of this year's NTCUE Finalists continue to demonstrate that the future of the credit union movement is strong and the plans and ideas coming from this next generation of leaders are both smart and achievable."

The other four Finalists were:

- **Ali Fett,** AVP/talent development at $760 million Verve, a Credit Union (*www.verveacu.com*), Oshkosh, Wis.;
- **Nicole Haverly,** senior portfolio manager at $1.8 billion Affinity Plus Federal Credit Union (*www.affinityplus.org)*, Saint Paul, Minn.
- **Michael Murdoch,** marketing specialist at $236 million NW Priority Credit Union (*www.nwprioritycu.org*), Portland, Ore.; and
- **Colleen Tilton,** director/staff development at $440 million Blackhawk Community Credit Union (*www.bhccu.org*), Janesville, Wis.

Cahoon wins a $20,000 educational prize package that includes registration, accommodation and economy airfare to any two of CUES' coveted CEO Institutes—one in 2017 and one in 2018—and two remote coaching sessions from CUES Supplier member, strategic partner and challenge sponsor DDJ Myers Ltd. of Phoenix. Watch for further updates on Cahoon's project at *www.NextTopCreditUnionExec.com*.

Win a Free Vote!

CUES is giving away a free vote using eVote: Elect & Educate valued up to $13,000. Credit unions completing an online interest form at *cues.org/evote* between Oct. 26 and Dec. 15, will automatically be entered to win.

CUES eVote can handle a variety of services, including votes regarding mergers and bylaw changes, board elections and membership surveys. The winning credit union can determine how they will use eVote.

Credit unions using CUES eVote can choose from two service levels. The full-service option includes vote tallying, customer service for your staff and members, and hybrid elections combining online, phone and paper ballots. With the online only option, credit unions design the ballots, send out emails and gather results, but use eVote's secure platform.

CUES eVote also offers an educational component for new directors, which includes online training courses, an online discussion and Q&A forum, a subscription to *CU Management*™ magazine, discounted in-person educational opportunities and a library of sample policies and resources provided by peers. Enter the contest at *cues.org/evote*. In addition, find content related to voting by downloading the free myCUES app. Visit *cues.org/mycues* for more information.

Three Inducted into CUES Hall of Fame

CUES has recognized three leaders for their lifetime achievements and dedication to the CU movement, inducting them into the CUES Hall of Fame, Oct. 23 during CEO/Executive Team Network in Savannah, Ga.

From left: CUES 2015-2016 Chair Joe Hearn, CCE, president/CEO of Dupaco Community Credit Union, Dupuque, Iowa; Joseph Melbourne Jr.; Sally Dischler, CCUE, CCE; William Raker, CCE; and CUES President/CEO John Pembroke.

The honorees are:

- **Sally Dischler, CCUE, CCE,** president/CEO of $236 million Heartland Credit Union, Madison, Wis.,
- **Joseph Melbourne Jr.**, president/CEO of $1.5 billion CFE Federal Credit Union, Lake Mary, Fla.,
- **William Raker, CCE**, president/CEO $1 billion Firefly Credit Union, Burnsville, Minn.

These leaders were chosen by CUES' board of directors for their contributions to their profession and the industry; involvement in community service; and education and history of self-improvement. Read more at *cues.org/1016awards*.

Reach the Peak of Excellence

Get ready for one of the industry's most distinctive conferences.

Execu/Summit's unique schedule bookends educational sessions around midday networking on the slopes. After discussing critical industry topics in the morning, we'll break so you can enjoy outdoor activities—or choose to hit the road and visit nearby Aspen. On Monday, Tuesday, and Thursday, we'll reconvene in the late afternoon to continue learning.

Execu/Summit takes place at the height of the ski season, so make plans early! Take a look at this year's speakers and topics, and register now at **cues.org/es**. Rates increase $400 after January 19, 2017.

CUES
POTENTIAL, REALIZED.™

The in-person portion of Payments University (*cues.org/payments*) will be held this April in San Francisco.

Payments University Launches in April

On April 3, credit union executives from around the world will be in San Francisco for the face-to-face portion of the inaugural Payments University, developed by CUES and CUES Supplier member CO-OP Financial Services (*www.co-opfs.org*). The full program will also feature live-taught online courses led by world-class instructors.

Uncertainty and a rapidly changing environment are what today's credit union executives face when they attempt to develop a comprehensive payments strategy. In October, at CEO/Executive Team Network, CO-OP Financial Services EVP/Markets and Strategy Caroline Willard spoke to CUbroadcast about the upcoming event. "For some time, we've been saying, 'Don't talk about checks. It's not a checking account,'" she said. "Well, now we're even going further and saying that it's not even a payment card anymore. It's a digital token of a card. It's the mobile enablement of payments and how you can use things like in-app purchases and making sure credit unions stay top of wallet....That's the type of information that we're going to bring to Payments University." (Watch the interview at *http://tinyurl.com/PaymentsU.*)

Payments University attendees will benefit from this hands-on experience and gain the knowledge needed to create a strategic payments plan. Attendees who complete all course work and assigned projects will earn the Certified Payments Strategist (CPS) designation.

"We're happy to collaborate with CUES on this important school, which was developed to honor Stan Hollen, following his retirement as CO-OP CEO," says Sarah Canepa Bang, CO-OP Financial Services executive vice president/industry relations. CUES President/CEO John Pembroke adds: "To further honor Stan's contributions to the industry, CUES is funding two Stan Hollen Scholarships that will pay the tuition in full for two deserving credit union leaders."

For more information or to register, visit *cues.org/payments*.

2016

DIRECTORS CONFERENCE
Dec. 11-14
Hyatt Regency Maui Resort and Spa
Lahaina, Maui, Hawaii

2017

CUES SYMPOSIUM: A CEO/CHAIRMAN EXCHANGE
Jan. 29-Feb. 2
Frenchman's Reef and Morning Star Marriott Beach Resort, St. Thomas, US Virgin Islands

EXECU/SUMMIT®
March 5-10
Westin Snowmass Resort
Snowmass Village, Colo.

CEO INSTITUTE I: *STRATEGIC PLANNING*
April 2-7
The Wharton School
University of Pennsylvania

PAYMENTS UNIVERSITY
Developed with CO-OP Financial Services
April 3-4
San Francisco
NEW

CEO INSTITUTE II: *ORGANIZATIONAL EFFECTIVENESS*
April 30-May 5
Samuel Curtis Johnson Graduate School of Management, Cornell University

CUES SCHOOL OF APPLIED STRATEGIC MANAGEMENT™
May 1-4
Embassy Suites by Hilton Orlando
International Drive Convention Center

CUES SCHOOL OF BUSINESS LENDING™ I: *BUSINESS LENDING FUNDAMENTALS*
May 1-5
Embassy Suites by Hilton Orlando
International Drive Convention Center

CEO INSTITUTE III: *STRATEGIC LEADERSHIP DEVELOPMENT*
May 7-12
Darden School of Business
University of Virginia

CUES GOVERNANCE LEADERSHIP INSTITUTE™
June 11-14
Rotman School of Management
University of Toronto

MERGERS & ACQUISITIONS INSTITUTE™
June 26-29
The University of Chicago
Booth School of Business

CUES SCHOOL OF BUSINESS LENDING™ II: *FINANCIAL ANALYSIS AND DIAGNOSTIC ASSESSMENT*
July 17-21
Crowne Plaza Seattle

CUES SCHOOL OF CONSUMER LENDING™
July 17-18
Crowne Plaza Seattle

CUES ADVANCED SCHOOL OF CONSUMER LENDING™
July 19-20
Crowne Plaza Seattle

CUES SCHOOL OF STRATEGIC MARKETING™
July 17-19
Crowne Plaza Seattle

CUES SCHOOL OF STRATEGIC MARKETING™ II
July 20-21
Crowne Plaza Seattle

STRATEGIC INNOVATION INSTITUTE™
July 23-28
Stanford Graduate School of Business, Stanford University, Stanford, Calif.

SUPERVISORY COMMITTEE DEVELOPMENT SEMINAR
July 24-25
Hyatt Centric Fisherman's Wharf
San Francisco

BUSINESS LENDING FOR DIRECTORS
July 24-25
Hyatt Centric Fisherman's Wharf
San Francisco

CUES DIRECTOR STRATEGY SEMINAR
July 26-28
Hyatt Centric Fisherman's Wharf
San Francisco

EXECU/NET™
Aug. 20-23
Grouse Mountain Lodge
Whitefish, Mont.

CEO INSTITUTE III: *STRATEGIC LEADERSHIP DEVELOPMENT (SUMMER SESSION)*
Aug. 20-25
Darden School of Business
University of Virginia

Note: CU directors are encouraged to attend events listed in *blue*. For all future CUES events, including local CUES Council meetings, visit *cues.org/calendar.*

Key Barriers to Effective Innovation

By Graham Seel

Innovation isn't easy, no matter how you define it. It takes time, costs money and requires attention from busy people. Sometimes, we seem to be running as fast as we can just to stay in the same spot. Here are a few examples of barriers to innovation and some approaches to address them:

Other priorities. By its nature, innovation is a strategic activity. When day-to-day pressures dominate, long-term strategies fall by the wayside. *Solution:* Ensure that at least one senior leader has innovation as a top priority, the main activity on which their performance is measured.

Ill-defined needs. We know we need to innovate, but we don't know where to start. *Solution*: Create a prioritized list of innovation opportunities, each with a well-defined problem statement, desired outcomes and measures for success.

Fintechs that don't understand us. Technology vendors may have a solution for our stated problem, but they don't know how credit unions or risk management works. *Solution:* Set expectations early, and insist that they learn the ropes of financial services or add a banking-savvy member to their team.

Uncertainty. An idea may seem compelling but raise daunting questions: Will members behave as we expect? Will the innovation live up to expectations? What if we can't handle product volumes? *Solution:* Use tried-and-tested approaches for proofs of concept, and launch and closely monitor pilot implementations.

Post-production problems. The challenges don't stop with implementation. What happens if the solution goes down, or we find bugs? What if regulations change or risks increase, and we need to adjust? *Solution:* Ensure that your third-party risk management strategy extends to all kinds of technology and service providers. Make sure you have active vendor management in place. Carry out an operational risk assessment before production roll-out. And make sure you understand and manage risks resulting from this new solution.

Graham Seel *is founder and chief consultant at BankTech Consulting* (www.banktechconsulting.com)*, Concord, Calif. This post was excerpted with permission from the blog "Innovation Basics for Community Banks and Credit Unions" at* www.tinyurl.com/seeloriginal.

Comment on this post at cues.org/101216skybox.

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Recent Posts

"Looking at strategy without looking at leadership development is like making bread without the salt. You'll still get a loaf. But it won't have quite the right consistency nor the full flavor you'd want if you were going to serve it to guests."

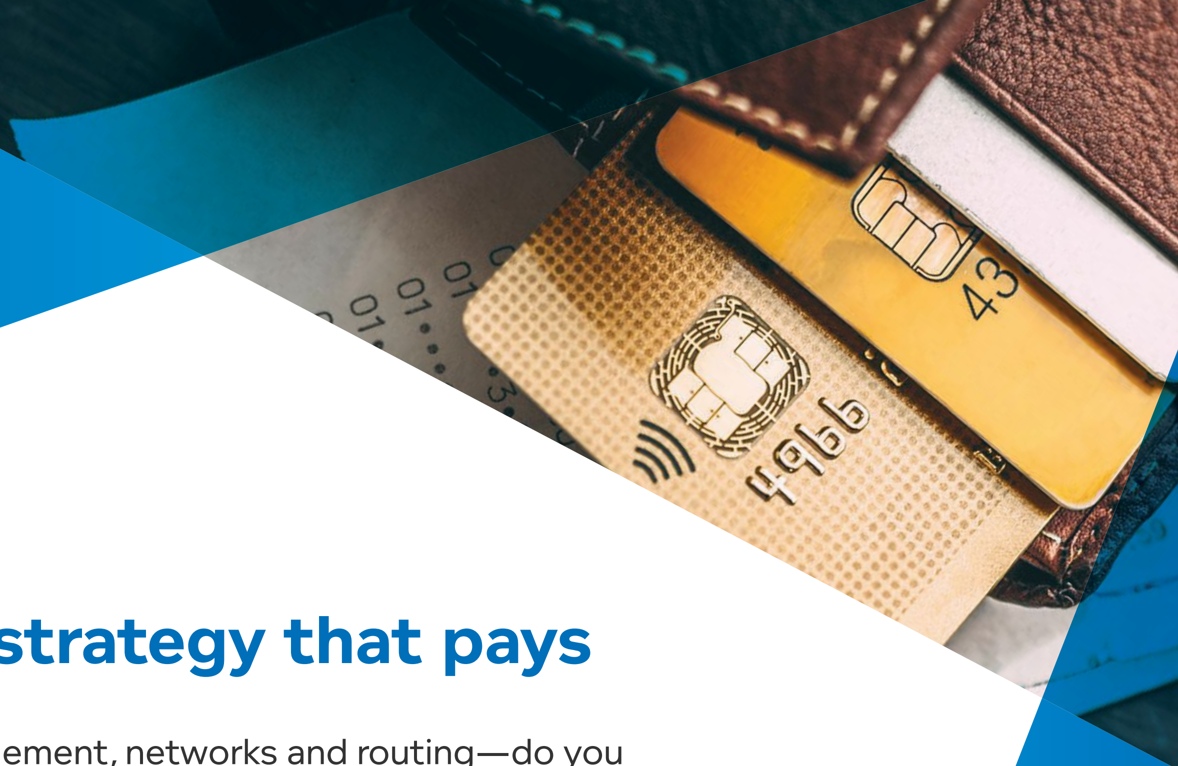
Christopher Stevenson, CIE, SVP/chief learning officer of CUES, on "5 Steps for Connecting Strategy and Leadership Development" in CUES Skybox: *cues.org/101016skybox*

"White hat hackers … can offer credit unions a competitive advantage by providing a unique perspective on technology. The nature of their profession gives them thorough understanding of computer networks. In addition, hackers have a working knowledge of the 'darknet,' where much of the hacker mayhem is created and distributed."

Terrence Griffin, CIO of CO-OP Financial Services (*www.co-opfs.org*), Rancho Cucamonga, Calif., on "Hire One 'Hacker' to Catch Another": *cues.org/100516skybox*

"Like it or not, today's CEO has been pre-cast in the role of their company's chief brand ambassador. All CEOs have the daily opportunity and obligation to build their personal brand in service of their own and their corporation's reputation."

Karen Tiber Leland, founder of Sterling Marketing Group (*www.sterlingmarketinggroup.com*), "Does Your CU's Reputation Rest on Your CEO's Shoulders?": *cues.org/100316skybox*



Network strategy that pays

Interchange management, networks and routing—do you know who is in control of it all? There's a good chance that you've experienced overload trying to understand what is happening and where it's all going.

But there's an inside track. It's Vantiv's network strategy. Having built Jeanie®, and knowing all aspects of transaction processing the way we do, we get network routing.

Simplifying the complex, knowing the business and building the technology solutions—it's why our financial institutions lean on us for their network strategy. It's also why so many use our Jeanie Network and why we're the nation's #1 PIN debit processor.

Bringing it all together to give you the control and strategy that pays.

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