CU Management

SEPTEMBER 2016

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Maintain positive momentum during CEO changes.

CUSO Director Pay
Do dollars help draw experienced board members?

Help Them Soar
Career paths for employees

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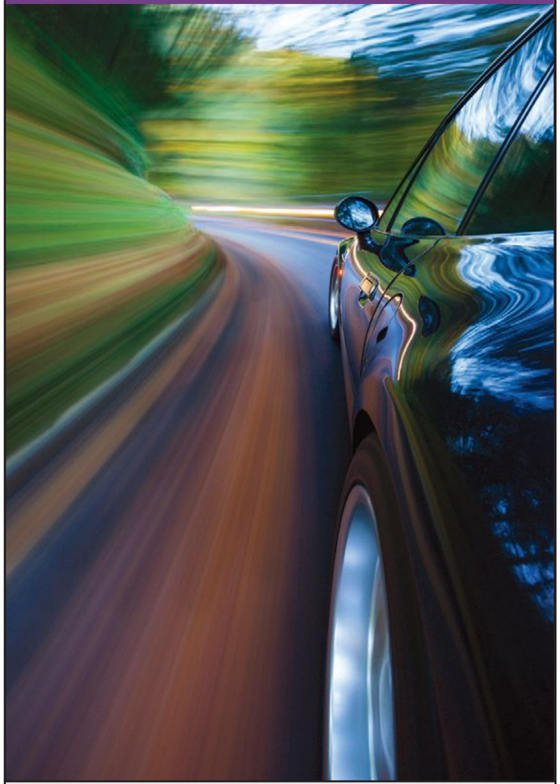

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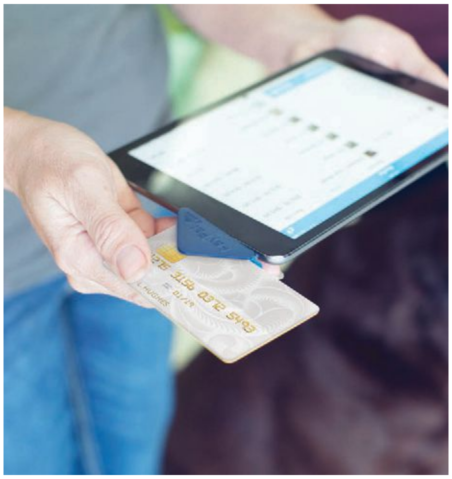

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Skillful, Strategic Transitions

The surge of CEO retirements that credit unions have been experiencing are clearly worth talking about. We asked veteran credit union writer Karen Bankston for 3,400 words about CEO transitions for this issue and got 7,414, plus a file of "leads to follow up on in the future."

Now Karen's pretty prolific, but the ease with which she was able to write a great deal about executive transitions underscores both that a lot of transitions are taking place *and* that these transitions are very important to credit unions.

Research done a few years ago by CUES Supplier member D. Hilton Associates Inc. (*www.dhilton.com*), The Woodlands, Texas, showed that in the five years following 2012, 6,100 C-suite jobs would turn over at credit unions with more than $100 million in assets. In 2014, CUES was doing interviews with industry leaders and finding that CUs weren't fully ready for this monumental change—especially at the CEO level.

Fortunately—as you'll read in "Passing the Baton" on p. 18 and in "Gaining Traction in Transition" on p. 34—the current situation is better than projected. While the transitions keep coming, incoming and exiting executives are skillfully handling the handoffs, and boards are taking such big change as opportunities to really dig deep into their organizations' strategies and visions.

Of course, one change typically begets another, especially when it comes to staffing. So it seems only fitting that in this issue we also take a look at career pathing. As "Helping them Soar" on p. 40 details, formal employee development programs can be designed to give those interested in advancing their careers the skills and support to do so should the opportunity arise.

We're experiencing our own transition here at *Credit Union Management* following Mary Arnold's final column last month. While we miss her, we're also excited to stretch new muscles. And of course, we'll continue to bring you the most useful and in-depth coverage in the CU industry. Send us your topic ideas and feedback anytime at *lisa@cues.org* and *theresa@cues.org*!

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Credit Unions Helping Credit Unions

When Mark Rosa visited a branch of GESRO Co-operative Credit Union in Ghana a couple years back, he was greeted with a touching tribute—a flag emblazoned with the logo of his own CU, Jefferson Financial Credit Union, flying overhead.

GESRO Co-operative CU managers had the flag specially made in appreciation for Rosa's mentoring and financial support from Jefferson Financial CU, Metairie, La., including a $100,000 long-term loan the $4 million Ghana cooperative (*www.gesroccu.com.gh/en/*) uses to extend its micro business lending program.

"They understand the importance of cooperatives and the people helping people philosophy, and they're happy to be doing this work," says Rosa, CEO of the $420 million Jefferson Financial CU serving 43,000 members (*www.jeffersonfinancial.org*). "They provide seed money for people starting a dress shop or fruit stand, and their loan officers go out every day to collect small loan payments out of their members' daily receipts."

Rosa, a CUES member, met the former GESRO Co-operative CU manager when he came to the United States to attend training. That manager accepted Rosa's invitation to visit Jefferson Financial CU. Later, Rosa was invited to visit Ghana to see firsthand how the country is making economic gains through GESRO Co-operative CU's efforts.

Without access to credit reports, GESRO Co-operative CU's lending practices harken back to the early days of American CUs, Rosa notes. "They focus on the character component: What do I know about you? How much are you going to earn, and how much can you afford to pay back from your daily or weekly receipts? With our loan, we put our money where our mouth is so they can loan that money out at between 10 and 15 percent and make a reasonable return with that seed money."

Rosa also consults with the Russian Credit Union League. Jefferson Financial CU has provided grants "of a few thousand dollars annually" to support conferences so managers of small financial cooperatives across that country can gather to share strategies. Though many Russian CUs are larger than those in Ghana, they still lack the infrastructure that supports their counterparts in more developed nations. For example, their credit bureau system is relatively new, and many remain suspicious about sharing information about their members' accounts, Rosa notes. In addition, they are dealing with sometimes harsh anti-money laundering enforcement.

Rosa encourages others who want to be supportive of credit unions around the world. "It's work, and it takes money and time, but this type of support and the opportunities to learn from mature CU systems offers extraordinary value."

> "If you want your audience to get excited by your idea, well, get excited yourself."

Mark Bowden, author of *Winning Body Language: Control the Conversation, Command Attention, And Convey the Right Message—Without Saying a Word.* Bowden will close CUES' CEO/Executive Team Network (*cues.org/cnet*), Oct. 23-26, with an interactive workshop.

Strength in Numbers

A skill that credit unions excel at—forming coalitions—can be an unexpected negotiating tool, says Cade Massey, Ph.D., practice professor/operations, information and decisions at the University of Pennsylvania's Wharton School, host to CEO Institute I (*cues.org/institutes*).

"Coalitions can play an important role in many negotiations, but even seasoned negotiators rarely think to use them," he suggests in a recent Wharton@Work e-newsletter article (*http://tinyurl.com/whartoncoalitions*). "Coalitions don't get talked about or written about enough, but they can strongly influence outcomes."

Massey explains four ways to create coalitions for use in a negotiation:

1. **Think broadly about potential partners.** "There is a tendency to get overly focused on the person across the table," says Massey in the article. "Many don't consider who has influence over him or her. Those people are your potential coalition partners."
2. **Don't neglect the end game.** "Consider the other party's broad interests. ... Try to find commonalities that go beyond the issues currently on the table."
3. **Meet before the meeting.** Negotiations are always influenced, and sometimes even settled, before formal negotiation begins.
4. **Give to get.** "Keep coalitional partners close," Massey stresses, "... because people are apt to respond in kind."

Your legwork will pay off when you're "sitting at the table with two or three coalitional partners in the room. If you're not" benefitting from coalitions, he warns, "be aware that other people are. If you think no one has talked about the issues behind the scenes and formed coalitions, you are already behind."

Letter to the Editor

"HR Answers: Training Millennials" (*cues.org/0416hranswers*) by Evan Hackel, CEO of Tortal Training (*www.tortal.net*)], offers great suggestions. Credit unions should also consider what the first four to eight hours of employment are going to be like for a millennial new hire.

For example, don't start their first day completing boring HR paperwork. Rather, spend time teaching them about your culture and brand (as noted in suggestion #5). Even let them take selfies with their new co-workers and then let them post those pictures on their social media platforms (Instagram, Twitter, Facebook), thus applying suggestion #2 (use technology tools). Training for this generation doesn't begin with a formal class or program—it begins the moment they walk in the door.

Mark Arnold
President
On the Mark Strategies (*www.markarnold.com*)

Mentors Help Students Build Financial Know-How

Effective financial education for young people is real-life, relevant and personalized, suggests the CEO and cofounder of Moneythink (*http://moneythink.org*), which trains college students to be financial mentors to high schoolers.

In 2008, with the Great Recession in full swing, a small group of University of Chicago students set out to help teenagers attending area high schools build their financial life skills. Following in their footsteps, Moneythink chapters in colleges across the country have been established to sponsor mentors who've worked with 10,000 high school students, many from low-income neighborhoods and schools.

"Our college mentors work in small groups with their high school mentees, meeting with them on average once per week for the entirety of the school year," explains Moneythink CEO Ted Gonder. "We focus on building meaningful, credible, relatable relationships between the mentors and mentees."

Among the tools Moneythink mentors rely on are an app called Moneythink Mobile, which offers digital challenges to build financial awareness, habits and skills. Partnerships with other youth-serving organizations supplement the curriculum.

"And we are currently building tools that are available to anyone, anywhere. One example is our college calculator that helps students understand the financial costs of college that are often not apparent, such as rent and books," Gonder says.

"One of the things we pride ourselves on at MT is the ability to track our programs and the impact we have had along the way," he adds. Among the lessons learned over the past eight years is that financial education should:

- offer contextually relevant content;
- be channeled through strong and personalized delivery channels;
- be able to access support structures for students and the program;
- offer opportunities to apply concepts in real life; and
- provide clear ways to drive and measure behavior change.

Moneythink welcomes partnerships with credit unions to use its educational products, Gonder says. For more information on the organization, visit *http://moneythink.org*.

Insights

"The worst thing an organization can do is avoid investing in their people for fear of eventually losing an employee, and viewing employee development efforts and costs as a waste. Leading organizations take the viewpoint of developing their employees to the greatest extent possible."

Greg Longster, partner with CUES Supplier member and strategic provider Davies Park Executive Search (*www.daviespark.com*), Vancouver, British Columbia, in "Helping Them Soar," p. 40.

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Compensating CUSO Directors

FCU employees in the U.S. can't be paid for serving, but do dollars help draw experienced outside directors?

By Jamie Swedberg

To Shelley McDade and many others in the credit union movement, the question of whether credit union service organizations should pay their directors seems like an easy one.

"None of the directors in CUSOs I am involved with get paid," says the CEO of $412 million Sunshine Coast Credit Union (*www.sunshineccu.com*), Gibsons, British Columbia. "In most cases, we are looking for cost savings or quality enhancement, and we are more or less in start-up mode. The CUSOs I am involved with only serve (their CU) owners, so we would in essence either give up savings or have to contribute capital to pay directors."

She says she's familiar with four or five CUSOs in Canada, all of which have solely volunteer directors from the owner credit unions, even though paying members of CU boards is more common in Canada than in the United States.

That's consistent with the experience of Sean Lesy, a CUES member and chief investment officer for $1.7 billion CU Central of Alberta (*www.albertacentral.com*), Calgary.

"Most CUSOs in Canada [that are not owned by the central credit unions] are smaller partnerships between two to four credit unions," he explains, "so in these cases it would make sense that managers would volunteer their time as an extension of their management role at the credit union. We tend not to have meaningful non-central CUSOs here, given the role that the provincial centrals have historically played. That is changing, though."

On the other hand, board members of CU centrals or other entities that are widely system owned through the centrals are usually paid, albeit modestly compared to directors on non-CU system boards, Lesy says. Additionally, Canadian CUs are provincially regulated, so board compensation rules and practices depend on where the organization operates.

In the United States, the vast majority of U.S. CUSO board members—including all those at federally chartered CUs—are unpaid. Part of the reason is that U.S. National Credit Union Administration regulation Section 701.27(d)(6)(i) (*http://tinyurl.com/ncuasec721*) prohibits paying credit union executives for serving on CUSO boards.

"Credit unions that invest in CUSOs cannot have any of their senior officials, by regulation, receive any benefit directly from the CUSO," explains Guy Messick, attorney at Messick

& Lauer PC (*www.cusolaw.com*), Media, Pa. "So if you are a director of a credit union, or if you're staff of the credit union, you can serve on the CUSO board, but you can't receive any money as a result of that."

That's not to say there's no financial benefit for CU executives who serve on CUSO boards. For one thing, many CUs set the compensation levels of their CEOs with the understanding that their job description includes CUSO board service. For another, Messick points out, if staff members from a CU are serving on the board or doing other tasks for the CUSO, the CUSO can and should reimburse the CU for the time that that individual spends on CUSO activity. But that's a reimbursement to the organization, not to the individual.

Cost savings, tradition and regulatory constraints are sound reasons to recruit CUSO directors only on a volunteer basis. But there are exceptions to the rule.

"Typically, directors from inside the management of the [owner] credit unions are there to maintain the consistency of the vision of what the credit union is trying to do and what they want the CUSO to do, and they're volunteers because you want to comply with that section of the NCUA code," says CUES member Neil Archibald, general counsel and chief fiduciary officer at MEMBERS Trust Co. (*www.memberstrust.com*), an investment management CUSO in Tampa, Fla.

"But there can be directors from outside the credit union movement, too. When you're dealing with a CUSO that is for a very specific purpose, you want to attract a board that can give you guidance on areas of expertise that your credit union management wouldn't otherwise have. So you're going to end up having a mix of inside and outside directors, and that necessarily drives the issue of compensation."

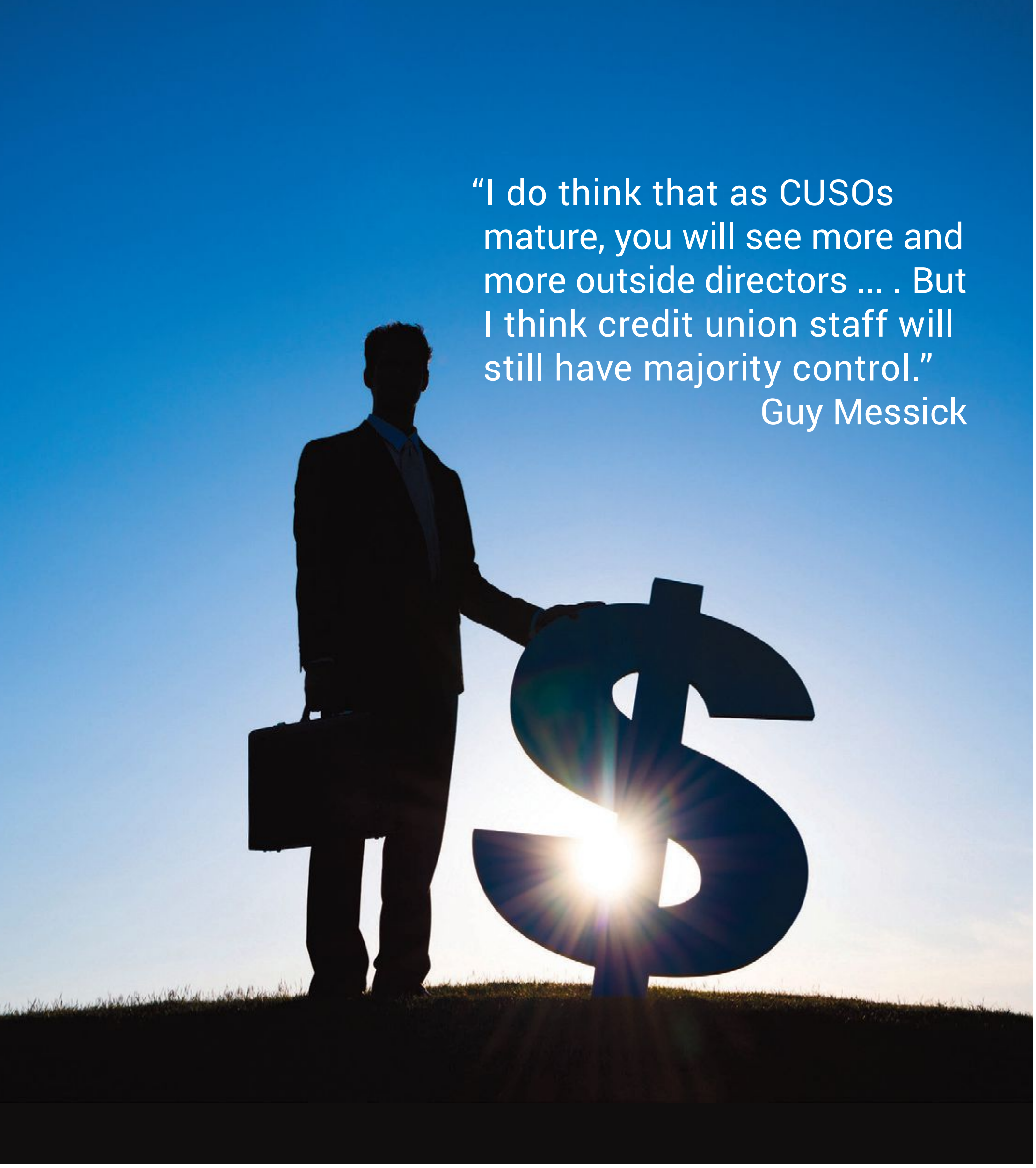
Pay to Play

The reality is that when CUSOs are looking for certain kinds of subject matter expertise, they may have to compensate those outside experts at the market rate.

"If you have a business that the credit union does not have expertise in, and if you can find an outside director, that would be most advantageous to you, because you have somebody who knows the business," Messick says. "And if you have to compensate them according to what that industry would compensate a director, then that's something you should consider.

"I have seen situations where credit unions have run things like broker-dealers, and they totally control the board themselves," he adds. "But that's not their [expertise], and I think the business struggles because of that. The board is a strategic asset. You have to have people with knowledge and experience if you're going to have an effective decision-making process."

Not every CUSO will need this kind of outside aid, of course. There are some CUSOs that do special lending, Archibald notes, and lending is an area where credit unions can provide all of the needed



expertise. They may also have, for example, mortgage or investment expertise in-house. It depends on the individual circumstance.

For those that do need to recruit outside expertise, the market determines the price.

"In my communications to different boards over the years, people generally get paid anywhere between $500 and $1,500 a board meeting," Archibald says. "But that is just the overall range, not necessarily the best numbers. Because the truth is, on really good boards, directors usually receive a good amount more than that. So it really depends upon the commitment of the credit union to the CUSO, both in its capitalization and in its ongoing operations, and the type of CUSO they're getting into."

Expertise isn't the only thing outside directors offer; some can open doors and help to broker deals, or introduce CUSOs to future business partners in the communities they serve.

"You ever watch 'Game of Thrones'?" Archibald asks. "Between the different fiefdoms, people tend to marry to help ensure peace and ensure stability. Well, in many respects, that same concept applies when you're choosing directors. You might be in a particular market and want to move into some specialty area, and you know that there are some well-known people in the community who touch on that. By having them become a board member, they also become your advocate, and they also become your automatic wedge into that space."

Messick agrees, with one caveat: "The problem sometimes is finding someone who doesn't have a conflict of interest, because you don't want to have someone serving who's going to be competing against you," he notes. "So maybe you try to find somebody who's retired."

Shelling out credit union funds on compensation for CUSO directors could seem to run counter to the frugality and start-up mentality, McDade cited. But Archibald says it may be a good long-term investment for the owner CUs, now more than ever.

"Right now we're in what feels like an epoch of low interest rates," he says. "You don't get a lot of spread off of your deposits and your loans. Non-interest income has to take more of a prominent role in helping to bring income into the credit union."

A CUSO can help fill that void, Archibald says, and that's why it can be important to pay for directors with the most expertise in the CUSO's service offering.

"Then you have this non-interest income that's coming in, that's not dependent upon your deposit and loan mix," he says.

Still, many credit union executives remain skeptical of the concept of paying directors.

"I know there are situations where CUSOs do pay individuals to sit on the board, and I know there are CUSOs that have thought about doing it," Messick says, "but very few, because most credit unions want their CUSOs to be run by people they already know and trust. Very few and far between are the situations where you find the right person [from outside]."

That situation may evolve over time, however. Messick expects that as more CUSOs delve into service offerings that are outside the purview of the financial services industry, they'll need more outside help to manage those institutions. "I do think that as CUSOs mature, you will see more and more outside directors who are participating on the boards," he says. "But I think credit union staff will still have the majority control."

Hard Feelings?

Directors are humans, too. Do credit union executives sometimes feel a little bad sitting on a CUSO board for free when the person in the next chair is getting paid?

Messick laughs. "Sure they do," he says. "People are very sensitive about money. But if they're there in the role of the credit union, they understand that it's in the regulations.

"Plus, hopefully, the director says 'What's right for the credit union and the CUSO? And what does the industry require in order to get the level of quality of management we're looking for? Even though they don't pay me, I'll sit next to somebody who gets paid for their time, because I have another role in this organization.'"

Depending on how you look at it, it's not really unpaid service. As mentioned previously, many CU executives are compensated by their credit union with the understanding that serving on the CUSO board is part of their job. On top of that, their service on a CUSO board enriches the offerings of a CU, benefiting employees, members and the community at large.

For example, CUES Supplier member CO-OP Financial Services (*www.co-opfs.org*), a technology CUSO in Rancho Cucamonga, Calif., does not compensate the 11 directors on its board. They're all executives from inside the movement, so payment is not an option in the first place—but service on the board is also part of the expected duties of the execs because it benefits the members of their home institutions.

"We are fortunate to have some of brightest minds in the credit union industry as our board members (*www.co-opfs.org/about-us/board-of-directors*)," says CFO/Executive Vice President Kari Wilfong.

CUSOs are part of the overarching mission of credit unions, and they're fulfilling it, Archibald says, including being an important source of non-interest.

"They [inside directors] are there trying to provide a deeper bench of services to their members, which helps them raise the profile of the credit union overall," he adds. "Outside directors are not part of that mission from an organic sense, so the way to bring them in is to pay them. I think there's a broad understanding of that."

Jamie Swedberg *is a freelance writer based in Georgia.*

Resources

Read more about the CUSO director pay question at *cues.org/092215goodgovernance.*

Members of the Center for Credit Union Board Excellence can log in and read "Members the Focus of Director Renumeration Process" on the Center for Credit Union Board Excellence website at *cues.org/renum*. Not yet a member? Sign up for a 30-day free trial by emailing *cues@cues.org.*

Check out CUES-supported Filene research about whether CUs should pay their directors at *http://tinyurl.com/fildirpay.*

Passing the Baton

Departing, incoming CEOs aim to maintain positive momentum.

By Karen Bankston

Leadership transitions are a time of promise and challenge. The passing of the baton represents both the legacy and positive momentum established by the outgoing CEO and the new approach and personality of the incoming chief executive.

Whether the change in leadership results from internal promotion or external recruitment, a smooth transition is the ultimate aim—in the words of United Federal Credit Union's new CEO, CUES member Terry O'Rourke, "to let people get back to the work of serving members." But there is no single blueprint to accomplish that goal.

As the examples shared here demonstrate, the key parties—the retiring CEO, the successor and the board of directors—must arrive at an arrangement that best suits the unique circumstances of this turning point for their organization.

Long Runway

Some transitions are years in the making. David Roughton became president/CEO of SAFE Credit Union (*www.safecu.org*) on March 31, after 23 years working for former CEO Henry Wirz in a variety of roles, including CFO and chief operating officer.

The run-up period at the $2.4 billion Folsom, Calif., credit union actually preceded the formal CEO search in early 2015 by several years and continued for months after Roughton's promotion was announced. The plan developed by Wirz and Roughton was presented for the board's approval in 2013. It called for the steady transfer of reporting responsibilities over the next two years.

"Essentially, in the final months of that period, I was running the day-to-day operations and reporting to Henry, and the key there was communications and transparency," Roughton says. "I've known Henry for 30 years and worked for him for many of those years. We have a great relationship and great respect for one another," which eased the transition.

Roughton led an organizational realignment in 2006 and a further refinement of the C-suite organization in 2013 when he became president/COO. In addition to ensuring the best structure of the credit union's business units, "we wanted to tap into the talent we had in the organization and identify our up-and-coming leaders to make sure we were giving them opportunities along the way to hone and demonstrate their executive capabilities," Roughton says.

"You can probably sense a theme that a key to the effectiveness of our transition was Henry's willingness to share responsibility and his confidence in me" to do so, he adds.

"That phase of the transition could have been touchy, but it wasn't. I wasn't trying to grab any responsibilities that Henry hadn't already delegated to me, and he wasn't trying to hold on to any authority that had been delegated to me. And the other executives, even though they were reporting to me, certainly kept Henry apprised of what was going on."

A similar transition is under way at $1 billion DuPont Community Credit Union (*www.mydccu.com*) in Waynesboro, Va., where EVP/chief operations officer Steve Elkins will succeed current CEO Gerald Hershey on Jan. 1.

Elkins suggests that a gradual handover has worked well because of his and Hershey's strong working relationship and comfort in talking through any issues that might arise. "I don't want to step on his toes, and he doesn't want to get in my way," he says. "We are coordinating really well together. He understands the importance of making the most of this transition. He's ready to retire but wants to be sure I'm in the position of being as prepared as possible."

This type of transition can work when the CEO and likely successor are comfortable having "courageous conversations," suggests Peter Myers, senior vice president of DDJ Myers (*www.ddjmyers.com*), a CUES Supplier member and strategic partner based in Phoenix. "Do they have a history of discussing sensitive topics, like compensation? Do they have a history of talking about performance expectations? Can the EVP say to the CEO, 'What's going on over here?' Can the CEO ask the EVP, 'How am I doing? Am I setting you up for success?' If they have that level of rigor in their dialogue prior to this transition, their chances for success are dramatically increased."

Myers suggests an exercise involving the CEO and successor to guide the transition: The CEO writes an "off-boarding" plan involving what responsibilities he or she will continue to hold, where the two leaders will collaborate, and which tasks and responsibilities will be taken on by the successor immediately and over time. In the same vein, the successor writes his or her "on-boarding" plan. Then they share their plans with each other and work together to combine them into a leadership development plan to present to the board.

'Listen and Learn'

The leadership transition at United FCU differs from these previous examples in two significant ways: O'Rourke was hired from another credit union, and he became CEO on his first day with the $2.2 billion St. Joseph, Mich., credit union (*www.ufcu.org*). Outgoing CEO Gary Easterling, CCE, was available for a few days to help make introductions, but the United FCU board, following the advice of its recruitment consultants, opted for a minimal transition.

O'Rourke, who spent his first 90 days as CEO traveling to meet United FCU's 550 employees working in six states, advises external candidates "to recognize that you are the new person and to listen and learn. A CEO transition is change, and change is disruptive. The key is to minimize the transition time to let people get back to the work of serving members, and the way to do that is through communication.

"It's all about people and providing exceptional service to our members," he adds. "The people who are on the front line doing that need to be comfortable with their leadership. In this transition, they need to know that you care about the organization, and they can trust that whatever decision that you make is in the best interest of the organization and the members."

Communication with the board to ensure a shared understanding of expectations and accountability is also crucial, O'Rourke says. "I'm a firm believer in transparent and frequent communication. If I'm not meeting expectations or they have questions about things, I'd rather that surface sooner rather than later so I'd rather err on the side of over-communication initially. I don't check in on every decision I make, but I am held accountable for our results so it's important to establish what the accountability model is."

All Options on the Table

When Dave Craigen became its CEO 21 years ago, First Credit Union "was a sleepy little community credit union with $28 million in assets, 22 employees and one general insurance subsidiary," he recalls. Over the years, the Powell River, British Columbia, credit union (*www.firstcu.ca*) has grown to $350 million in assets with an additional $150 million in off-the-book wealth management assets, five insurance agencies and a travel agency affiliation, and now supports about 140 employees.

"We've built a decent little organization, and it's been a lot of fun," Craigen says. "We've enjoyed over 12 years of solid revenue diversification until we ran into this financial market of persistent, tight interest margins."

In preparation for his retirement in February 2018 on his 25th anniversary (with 23 years as CEO), Craigen has somewhat stepped away from day-to-day operations—which are now the responsibility of Interim Chief Operating Officer Sandra McDowell—to undertake both a "corporate memory download" and development of a "sustainability model." The latter involves extensive research to assess the best strategy for the credit union moving forward." Doing this means mentoring members of the executive team and developing a "sustainability model."

"The board has agreed that all options are on the table," Craigen says, from vetting executive talent internally and externally and reviewing team structures to considering the possibilities of merging with a larger organization, acquiring one or more smaller credit unions, or pursuing some other creative form of affiliation or alliance. Craigen attended CUES' inaugural Mergers & Acquisitions Institute (*cues.org/mai*) as part of his "homework" for the assessment that will support future vision setting.

"The main things we are considering are: Is there scale needed for us in the future? Is there scope needed now? And do we have the capability? We need to make these decisions together," Craigen says. "It shouldn't be primarily my decision because I won't be around to inherit it."

First CU's timeline is to identify its path(s) forward and agree on strategic and tactical plans by year-end before recruiting or appointing a second-in-command executive who would succeed Craigen when he retires.

"We want to make sure we make these decisions with all the unfiltered facts and figures before us," he adds.

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 about CEO transitions from the board perspective in "Gaining Traction in Transition" on p. 34. Read a bonus article about hiring a CEO from outside and teaching her the CU ropes and another about organically growing a CEO from within at *cues.org/0816ropes* and *cues.org/0816organic* respectively.

Read an article about creating career paths for credit union employees, with an eye toward succession planning, on p. 40.

Get our monthly "Leadership Matters" column delivered to iPad or iPhone when you download the myCUES app (*cues.org/mycues*). Or, have a link to it delivered to your email inbox when you subscribe to our weekly e-newsletter, CUES Advantage (*cues.org/enewsletters*).

CUES strategic provider DDJ Myers (*cues.org/ddjmyers*), Phoenix, knows succession planning inside and out. Read a blog post from DDJ Myers, "A Tool for Benchmarking Bench Strength," at *cues.org/030716skybox*.

Learn more about CUES' CEO Institute and the Certified Chief Executive, CCE, designation at *cues.org/institutes*.

Learn more about CUES' Mergers & Acquisitions Institute at *cues.org/mai.*

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A Little Luck, a Little Skill

Better marketing through contests and giveaways.

By Jamie Swedberg

For the last three Marches, members of $1.2 billion Altra Federal Credit Union (*www.altra.org*), Onalaska, Wis., have been unusually obsessed with their NCAA basketball brackets.

The credit union contracts with contest-running firm Dell Sports (*www.dellsports.com*) to run March Madness bracket contests. The credit union's part is easy: It just customizes the front end of the interface, embeds it on its website and ties it into its products.

"For the most part, it's just a way of having some fun and getting some leads," says CUES member Carol Lloyd Neill, the credit union's VP/interactive media. "[Participants] have to give us all of their information to enter: name, address, phone number and email address. And we ask some qualifying questions on the entry form, such as if they are a member and if they're planning on buying a new car in the next six months. If they say yes, we send them an email or two about our loan products. We don't put them on a permanent prospect list; we're pretty low-key about that. But we make sure we get some leads from it."

The prize for the best bracket is $1,000 in cash. Second and third prizes have been technology-related items, such as a GoPro and an Amazon Echo. And—not that anyone ever wins it—Dell Sports offers $10,000 for a perfect bracket.

Lloyd Neill says the 92,000-member CU, with members in all 50 states, has been lucky in that winners have so far been locals. "They've lived close enough that we can get a photo of us handing them the check and congratulating them," she says.

This contest hits the trifecta of what most credit unions are trying to accomplish when they offer contests and giveaways: member loyalty, exposure and leads.

The strategy is similar at $235 million/33,000-member Firefighters Community Credit Union (*www.ffcommunity.com*), Cleveland. The credit union has a "Kudos" page where members can celebrate employees who've excelled, plus a corresponding social media hashtag. Lately, they've been picking people who use that hashtag to receive $100 giveaways.

"What we get is social sharing [and] exposure," explains Chief Marketing and Development Officer Jennifer Norris, a CUES member. "We benefit from audience exposure by having members utilize those hashtags. It's also, I feel, reassurance for those who are already here. When they hear about other people having success or being happy or the good things that we're doing, because we are a financial co-op, I would hope that it strengthens the relationship they have with us. I hope, too, that it helps feed the back story to those who are not members yet as to how we are different from a bank."

Contesting works for all sizes and types of credit unions. $39 million/3,700-member allU.S. Credit Union (*www.alluscu.com*), Salinas, Calif., recently switched from a single sponsor to a community charter, and contests—particularly with children in nearby schools—are helping them get the word out. As a bonus, the contests help create the next generation of loyal credit union members.

"The last one we did, fifth- and sixth-graders had to do drawings related to a financial concept," says CEO Patrick Redo, a CUES member. "The kid who had the best one won a prize, and then the class that had the most entries submitted won a pizza party. That was a pretty good one, and the kids enjoyed it. One of the classes wanted us to come and do a short presentation on financial education, so we did that as well."

Big Bang, Few Bucks

What do all of these contests and giveaways have in common? They deliver measurable results for a small marketing expenditure. Lloyd Norris describes contesting as practically free. "All we have invested is the prize and a couple of resources," she points out.

Norris's marketing department works more or less as an internal agency. In addition to her, there's a digital creative content coordinator who heads up web and e-newsletter content, a creative content coordinator who acts as a chief brand officer and a CRM database analyst who figures out what members or potential members to target.

"Usually it's my whackadoodle concepts and ideas, and I rely on my three team members in my marketing department to execute," she says.

When CUs don't have the needed internal resources, hiring out contest management is another option.

"Dell Sports does bracket contests for a lot of media outlets," says Altra FCU's Lloyd Neill. "We did some research and looked at people who would do it, because we knew we would not be successful if we had to figure this out ourselves. The pricing is negotiated based on size [of user base], and it is not unreasonable."

> "We've researched and surveyed members, both formally and informally, and really what our members want is cash. When people have the option of taking a prize or the equivalent value in cash, most of them take the cash."
>
> Carol Lloyd Neill

Credit unions don't even have to work too hard at picking out prizes. It turns out what members want most is plain old money.

"We've researched and surveyed members, both formally and informally, and really what our members want is cash," Lloyd Neill says. "When people have the option of taking a prize or the equivalent value in cash, most of them take the cash."

Norris says her members feel the same way, and she is grateful for it. "Honestly, it's easy to execute from my point of view, too."

In 2015, Firefighters Community CU ran a rock-and-roll-themed scratch-off contest. The "top 40" of the record-shaped scratch-off tickets awarded cash prizes of $40, and the rest were friendly loyalty-enhancing messages.

"The results from it were fantastic," Norris says. "We had 2,000 of those records generated, and we gave away 40 $40 hits. And between the dates of the promotion, of the people that scratched, we had 114 accounts opened. We had over $580,000 in balances come through. The average opening balance was over $5,000, and the promotion itself was not very expensive to execute."

As allU.S. CU's pizza party promotion demonstrates, contests for kids are often rewarding for everyone involved and don't cost much. Small prizes are a big deal for youngsters, and their active imaginations make contesting fun.

In conjunction with last April's CUNA National Youth Month, Firefighters Community CU ran a kids' contest to name the piggy-bank sidekick of the credit union's Dalmatian mascot, Sparky. The winner picked the name Smokey.

Norris explains how the contest worked: "What we did was say, 'Hey, come on in, make a deposit of $5 or more in the month of April in celebration of Youth Month, and we'll pick a winner at each branch to win their choice of either iTunes or Dick's Sporting Goods gift cards of $25.'

So all I had invested was $25 at nine branches. We used all of our channels to promote it: in-branch, digital signage, social media, newsletters, that sort of thing.

"Believe it or not, we had 495 kids make deposits," Norris continues. "We had 783 [individual] deposits that were $5 or more. It was almost $85,000. It was awesome, and it was nothing so complicated that a smaller institution or a bigger institution couldn't do. It was just being consistent and owning that brand and having something the audience could relate to. Kids love this dog and this little piggy bank."

It bears repeating: The most appreciated prizes are often very modest. Norris says her CU's members have a fascination with credit union logo wear. If she wants members to participate in something, all she has to do is offer an apparel item.

Redo says the classroom pizza party probably cost about $120. And the grand prize for the winner of the kids' contest? A $100 savings account. It really is the little things.

Do What They Love

Prizes aren't the sole motivator when it comes to contests. Sometimes people enter simply because they enjoy the game. The most successful contests ask members and prospective members to do things they'd enjoy doing even if there were no prize.

"We did a 'Tell Us Where You Want Your Vehicle to Take You' contest," says Neill. "Members could enter on Facebook, Twitter or Instagram by posting a picture of the place they wanted their Altra-financed vehicle to take them. We got close to 2,000 entries."

Members sent everything from family photos to comedic snapshots, she says. One woman sent in a photo of her husband in the open trunk of her car. Another member submitted a faux-romantic photo of himself sitting alongside a river at sunset with his arm around his car. "People love their cars, and they love to show them off," Neill says.

Similarly, a yearly Altra CU contest on social media offers three $500 gift cards, one each to Amazon, Best Buy and Target.

The CU asks its college-aged members to say which card they'd pick and what they'd do with it.

"The entries range from heartbreaking to hysterically funny," Lloyd Neill says. "One guy calculated how many packets of ramen noodles he could buy for $500, and that was going to be his diet for the entire year. It's just a fun way to get members involved and get them to engage with us."

Norris has a trio of litmus tests for successful contest-running, and they're questions every CU marketing department would do well to ask.

First, she says, is it easy for people to understand? Can members easily comprehend what to do and what constitutes an entry? There should be no confusion, and the task should be crystal clear.

Second, is it easy for employees to execute? Complicated promotions that member service representatives can't explain will founder almost every time.

Finally, is it easy to fulfill? Can the prizes be awarded in a timely fashion? Is the prize cool enough that someone will actually show up to claim it?

An example: Recently, Firefighters Community CU gave away season tickets to Cedar Point amusement park at a street festival. Despite diabolical weather, more than 60 attendees stopped by the CU's booth and filled out an entry form.

"We picked our winner as soon as the contest was over that Monday," Norris says, "called him up, told him he won and told him he had to come into the branch to redeem his season passes. Immediately, we were able to open a checking account, a share account here, and a credit card for that person. And I still have all the other leads to follow up on."

Clearly, the credit union is the big winner in that promotion.

Jamie Swedberg *is a freelance writer based in Georgia.*

At a Glance: Advice for Better Contests

Contests and giveaways always sound like a good idea for lead generation, name recognition and member loyalty. But as is the case with any marketing effort, there are ways to excel and ways to screw it up. Here's the advice our industry experts offered.

1. Always follow up on the leads you generate. If you've spent the time and effort to run a contest, why wouldn't you want to capitalize on it? Failure to contact the entrants afterward will torpedo your return on investment. "I think that's one of the biggest mistakes that not only credit unions, but other clients I used to work with, would make," says CUES member Jennifer Norris, chief marketing and development officer at Cleveland-based $235 million Firefighters Community Credit Union (*www.ffcommunity.com*).

2. If your contest involves social media—for example, if people enter the contest by commenting on Facebook or posting a photo to Instagram—make sure you have the staff resources to keep on top of it. "It can get away from you quickly," warns CUES member Carol Lloyd Neill, VP/interactive media at $1.2 billion Altra Federal Credit Union (*www.altra.org*), Onalaska, Wis. "It's all right if you're going to get a couple hundred people entering, but if you're going to have thousands of people enter, that can be very time-consuming to try and track." Some CUs might fare better running large contests a different way.

3. Don't use online "speed bumps" and gateways. Contest-specific landing pages can run afoul of people's ad and popup blockers, keeping potential entrants from getting through. "We used a gateway page early on for a holiday contest," Lloyd Neill says. "The amount of time that we spent troubleshooting and walking people through it probably undid any goodwill that we gained. And it made it much more time-consuming than it needed to be."

4. Give a prize that befits the audience. If you're not sure, give entrants an option to take the prize value in cash, or just offer cash in the first place.

5. Be active in schools, says CUES member Patrick Redo, CEO of $39 million allU.S. Credit Union (*www.alluscu.com*), Salinas, Calif. "Let them know you have knowledge that you're happy to share. They're looking for somebody to educate the kids, but the big banks aren't doing a whole lot. It's an opportunity for us." Bonus: Kids are wildly enthusiastic about such small prizes as pizza parties and $25 checks, and they look great in publicity photos.

6. Finally, promote your contests and giveaways heavily. Allocate a significant percentage of your contest budget to marketing, be it in-branch signage, emails, mailers or social media ads. If you don't advertise, no one will enter.

Resources

Read more articles about public relations in our monthly "PR Insight" column. Find it on the myCUES app (*cues.org/mycues*) or when you subscribe to the weekly CUES Advantage e-newsletter (*cues.org/enewsletters*).

Lift Tickets

5 surefire credit card campaigns to run this fall.

By Michelle Hillenbrand

Fall can sometimes feel like one long sprint after Labor Day, with back-to-school activities, holiday celebrations and smiling through visits with long-lost relatives. Factor in Black Friday and Cyber Monday, and is it any wonder that we find ourselves looking forward to pushing the reset button on another year?

Fall into Marketing Opportunities

But looked at from your CU's perspective, that whirlwind of holiday events can translate into opportunities to create memorable marketing campaigns that make a real difference in the financial lives of your members — while building their loyalty in the process.

When it comes to themed and seasonal promotions, there's simply no better time to dig in than the fall, when every milestone is special to your members but their spending power may be stretched to the limit.

What's more, fall is the lead in to another important time period—fourth quarter—and it's never cause for celebration when CUs contemplate falling short of their annual growth and profit goals.

Exceed Your Annual Growth Goals

That's why my colleagues here at Advisors Plus and I want to show you how to develop a successful fall marketing calendar that will have your credit union not just meeting but exceeding those growth goals.

In this article, we present five campaign ideas that your CU can plug in and personalize right now—today. Campaigns like these will give your members the gift of financial security while giving your CU a measurable year-end lift, generating cross-sell opportunities and providing a great head start on growth for 2017.

Crafting Your Calendar

Let's quickly review the strategic underpinnings of what makes an effective fall marketing calendar:

- **Target your campaign(s) to your current membership:** The early fall and pre-holiday seasons are two of the hardest times of the year to get the attention of prospective members, but they are among the best times to focus on your members and their card usage. The key is to position your card at the top of wallet for holiday purchases by creating relevant offers throughout the fall.
- **Play up seasonal themes and needs:** Fall is a time of coming together after the summer to renew connections with family and friends and prepare for the holiday get-togethers ahead. That makes fall the perfect time of year for CUs to reach out to their members with credit line increases that anticipate spending needs or usage offers that help members leverage their purchasing power with cash back or rewards.
- **Remind your cardholders of their outstanding card benefits:** Cardholder loyalty is built on many of the great benefits your credit card products provide, so use your campaigns as an opportunity to remind your members of exactly what those are. Use your offers to highlight low rates, rewards and cash back —and don't forget to mention features like roadside assistance, purchase protection and concierge services.
- **Draw your inactive cardholders out of hiding:** Seasonally themed cash-back and points rewards tied to usage; campaigns that include participation enrollment via website; or offers that use detachable letter coupons with cash back are great ways to tempt your inactive card members into making your card their top-of-wallet choice for holiday spending.
- **Let your branches and call centers in on the fun:** Tie your campaigns into seasonal activities your branches may have planned—or would like to. What better way to reinforce your credit union's role as a community hub than with seasonal decorating, activities such as a Halloween costume contest, or "giving back" through a food drive or secret Santa program?

Personalize These Campaigns

As you can see, the recipe for great fall marketing campaigns is to empathize with your members' financial needs and provide timely, fun solutions to meeting them. Here are five proven themes that have worked year after year for our clients:

1. Back-to-school spending: Typically run during September, this can be structured as either a cash-back/rewards points offering or a balance transfer campaign and credit line increase. It is aimed at helping members start the holiday season with plenty of spending power. Depending on your state's sales tax rates and laws, this campaign can also be timed to take advantage of a "tax forgiveness" period.

2. Black Friday usage: Now that Black Friday shopping has become part of the Thanksgiving season and shopping has become a national pastime, a Black Friday campaign can be just the thing to attract your cardholders' attention. This campaign can be structured in multiple ways to include double rewards points or cash back on holiday kickoff spending.

Keep this campaign to a short duration to increase the excitement by offering it only over Thanksgiving weekend, since limiting the promotion's timing will focus your cardholders on starting the holiday season with your card in mind.

3. Credit card activation packaged with checking: Tying credit card account activation with a purchase minimum of $100 to a checking deposit of $10 is a great incentive for inactive cardholders, deepens loyalty and promotes cross-sales.

4. Holiday usage contest: A fun campaign that many of our clients have tailored to select cardholders revolves around rewarding usage in such spending categories as travel and dining. Because many cardholders visit and entertain friends and relatives during the holidays, travel and dining can be especially fruitful areas of potential purchase activity that often involve larger ticket sales.

5. Post-holiday balance transfer and convenience checks: Giving your members the chance to greet the New Year with low-APR convenience checks, possibly tied to credit line increases, is a tried-and-true campaign that is often gratefully received. It both cements short-term member loyalty and sets the stage for your winter and spring growth programs.

When short, fun promotions become a way of life at your credit union, you may decide to feature them year-round. Why, just think: The Super Bowl, Valentine's Day and the spring home improvement season are right around the corner.

Michelle Hillenbrand *is the vice president of the Advisors Plus Marketing Services group. CUES Supplier member Advisors Plus* (www.advisorsplus.com)*, St. Petersburg, Fla., was established in 2004 as an independent consulting unit of CUES Supplier member PSCU to help credit unions meet their financial and business challenges and grow.*

Resources

Read "Playing Your Cards Right" about using data in your card marketing at *cues.org/0716playing.*

Attendees at CEO/Executive Team Network, Oct. 23-26 in Savannah, Ga., can attend a payments panel and a general session called "Payments: Looking Ahead to 2017" led by fintech evangelist Sam Maule. Learn more at *cues.org/cnet*.

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Lending in the Fast Lane

Landing auto loans may depend on how well your automated credit decisioning engine performs.

By Richard H. Gamble

As automobile loans become increasingly prized assets and as the process for getting them becomes increasingly dealer-driven and automated, CU leaders are finding that if they want to succeed beyond a small scale, they need to use an automated credit decisioning engine. And that engine needs to operate at an optimal level or their efforts could be futile or disastrous.

Because car loans are still a profitable consumer lending product, according to Christine Pratt, senior analyst at Aite Group (*www.aitegroup.com*), Boston, competition is high; the biggest banks and finance companies are pushing to get their share. Slick technology, combined with a surge in people buying cars and trucks, has created an explosion in indirect lending that flows through automatic credit decision engines.

This fine-tuned marketplace leaves little room for lenders to get by with suboptimal technology, Pratt notes. "For lenders, securing significant shares of dealerships' auto financing has required major IT upgrades in features and functionality," she writes in "U.S. Indirect Auto Finance: No One Does IT Better, Part Two," a 2015 research report (*http://tinyurl.com/aiteindirect2*) that identifies the most popular auto loan origination system providers.

"This is because the customer is the dealer (not the consumer) and the lender's success in securing auto contracts hinges on fast, flexible, totally automated origination processing (including e-sign and e-contracting), a competitive interest rate (including dealer incentives), and the functionality to electronically deliver impediment-free closed loans to servicing solutions," she writes.

Landing $1 Billion

Indeed, an automated credit decisioning engine is critical to the success of $1.2 billion Evansville Teachers Federal Credit Union (*www.etfcu.org*), Evansville, Ind., which accepts about $1 billion in indirect automobile loans annually. The CU drops close to $400,000 worth of these loans into its diversified portfolio and sells the rest, retaining servicing on about $1.8 million, explains Sara Robinson, VP/consumer lending. For this CU, originating indirect auto loans is a profitable line of business as well as a source of assets.

In the car dealership world, sales reps sell vehicles, finance managers arrange financing and get the paperwork signed while the buyer waits for 10 to 15 minutes for the transaction to wrap up. Dealers submit credit applications on one of two

industry networks: Dealertrack (*www.dealertrack.com*) or Route One (*www.routeone.com*), Robinson explains. Lenders, including CUs, access those networks, approving or denying the requests submitted by dealers based on the lenders' credit standards and asset allocations.

If lenders like what they see, the loan is approved. If the dealer likes a lender's indirect program, it gets the loan. But the process is so fast it often has to bypass human review and underwriting. Typically, the buyer is signing the loan agreement a few minutes after the loan application is submitted. So credit unions that want to land indirect auto loans in any volume need a fast and sophisticated system that mimics the decision-making process of savvy human underwriters, Robinson points out.

Robinson says that Evansville Teachers FCU has worked with TCI (*www.tcidecisionlender.com*), Islandia, N.Y., for as long as she can remember, so she can't discuss different vendors. But she underscores that a vendor has to have reliable systems (minimal downtime), multiple underwriting options from which the lender can choose, a real-time connection to the dealer, and responsive systems that let the lender set and tweak its credit standards.

Credit Parameters

Optimizing a CU's chosen credit decisioning engine means maximizing the number of loans accepted while minimizing the number of delinquencies and write-offs. The CU's underwriting team must carefully set the parameters for an acceptable loan. A credit score and debt-to-income ratio are obvious starting points, but a careful human underwriter or an effective automated decision engine will consider many other borrower characteristics as well. Evansville Teachers FCU has more than 30 that it uses to identify qualifying loans. If a potential loan clears all the filters, it is approved automatically by the engine and relayed to the dealer as approved.

Loans that don't clear the filters are stacked up for manual review by the underwriting staff. Currently Evansville Teachers FCU automatically approves about 15 percent of the loans that come in through the TCI conduit. "It's where we want to be, and it's where we've been running most years," Robinson says. It's possible to program the engine to automatically decline some loans. "We aren't doing that at this point, but we're considering it," she reports.

Credit standards are critical. If you have too many or set them too tight, you can pinch off the potential volume, Robinson warns. If you set too few or set them too loose, you can have credit losses that wipe out your profits.

For CUs new to indirect, there's some trial and error involved in getting the parameters just right, Robinson says, but veteran players have pretty much done the trials, fixed the errors and arrived at parameters that continue to work well year after year, she notes. Of course, the economic environment is dynamic, and CUs can't just set it and forget it; Evansville Teachers FCU has found that it doesn't have to tweak very often. Even in the rocky economy of 2007 and 2008, the CU didn't make large adjustments to its parameters, she reports.

Evansville Teachers FCU is in the process of adopting version 4.0 of its TCI system. With it, the CU will be able to make changes to the TCI system directly, effective immediately. While Robinson doesn't expect to make frequent changes, being able to do so directly will be an important improvement over having to send them to the vendor and wait for it to implement them, she says. "With (version) 3.5, it was possible that we could change our standards but continue to accept loans we didn't want until they made the changes effective."

Evansville Teachers FCU did make one tweak recently, Robinson says. It increased the number of trade lines (sources of credit) an applicant must have to six from four. "We're not running a first-time buyer program, and we want to see several trade lines before making a decision," she explains.

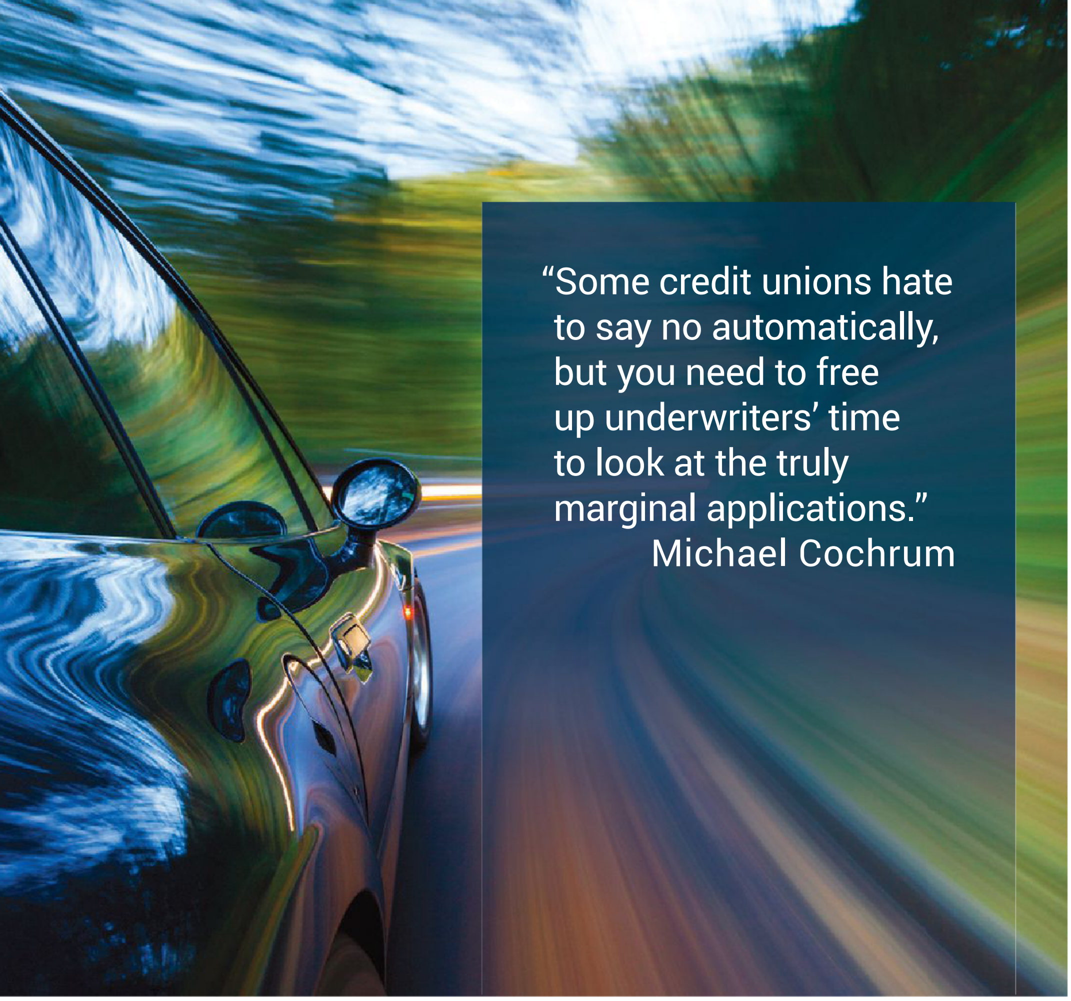
Once a lender is awarded a dealer's contract, it still has to fund the loan, and that means reviewing the loan document prepared by the dealer and signed by the borrower. The contract could arrive the next day if the dealer is local, but usually takes one or two business days, Robinson explains. "It's not our contract until we pay the dealer," she points out. Once the CU gets the contract, it must move quickly to confirm the borrower's identity is legitimate. But the time is short because dealers want to be funded quickly, and a lender will lose favored status if it is slow to fund, she notes.

Technical Requirements

Speed in responding to dealer applications is critical, underscores Barry Kirby, vice president of TCI. "Whoever responds first is most likely to get the loan," he notes. "Dealers want to close the sale quickly. They aren't going to hold up the buyer while they wait to see what additional bids come in."

More than the bidding process is automated, Pratt points out. Compliant e-documents whiz through the virtual atmosphere, collecting e-signatures. Closing the financing part of the sale quickly is now expected, she notes, and attention has shifted to how fast the lender gets the money to the dealer. Something that once took 60 days now normally happens in 24 to 48 hours, she says. Other things being close to equal, dealers will see that quick funders get the loans.

Reports are critical tools, too. A CU manager can order a TCI report, for example, that shows all of the indirect loans that the CU bid on and lost, and which were from members. With this report in hand, a CU can target refinance opportunities, explains George Nagrodsky, chairman



and co-founder. CUs can also run a report that analyzes what would have happened to past bids if one standard or another had been tweaked this way or that, he adds. This allows CUs to create models and run real data from previous periods through it.

Even simple adjustments to decisioning rules can make a real difference, notes Michael Cochrum, head of the Lending Advisory Services at CUES Supplier member CU Direct (*www.cudirect.com*), Ontario, Calif., which provides automated credit decision software to CUs. CUs decision approximately 90 percent of their indirect automobile loans manually, while the big national lenders make more than 80 percent of their decisions automatically, he points out, which means that the big players make faster credit decisions and, as a result, get more loans.

To increase automation safely, start with the loans that are approved manually 100 percent of the time, Cochrum advises. Loans with two borrowers (husband and wife, parent and child) are fertile ground. Cochrum has found CUs that will not auto-approve a loan if one of the borrowers is delinquent on even one credit line or if one borrower has a credit score below 600. They kick those loan applications out for manual underwriting. But if one of the borrowers has a credit score higher than 700 or has no delinquencies, they will always approve that application. So change the rules to clear these loans through the credit decision engine, he recommends.

Consider a couple buying a car. The wife's debt-to-income ratio based on her part-time job might be high, but the husband's could be fine, Cochrum illustrates. The high ratio could mean that the application gets handled manually, but the low ratio might mean that the loan gets approved. Refine the rules to respond to such situations. And let the engine auto-decline the loans that will never be approved manually—instead of wasting a person's time rejecting it. "Some credit unions hate to say no automatically, but you need to free up underwriters' time to look at the truly marginal applications," he suggests.

More Humans Involved

Chessie Federal Credit Union (*www.chessiefcu.org*), Cumberland, Md., takes a different approach. The $260 million CU also does automated indirect lending—4,449 indirect loans worth $78.5 million since 2012, all retained in its loan portfolio. But it has been reluctant to turn the final decisions over to algorithms and parameters. Only 2 to 3 percent of the approvals were made by a decisioning engine, reports Richard "Doc" Daugherty, president/CEO.

Instead, Chessie FCU has built a more personal hybrid, based on a network of 51 dealers in Maryland, Pennsylvania and West Virginia and a speedy manual review by underwriters—typically under 15 minutes, reports Melvin Ritter, Chessie FCU's VP/lending.

The CU went from faxing paper back and forth to dealerships in 2002 to drawing applications from the dealer networks (DealerTrack and Route One) to using a TCI product to aggregate and standardize the input, and then, in May 2012, to using an even more full-featured TCI product (*www.tcicredit.com/editions*) to get "something more flexible that we can customize," he notes.

To optimize its income, Chessie FCU is trying to cut back on incentives it has offered to dealers, ready to lose some business, Ritter says.

While all lenders use essentially the same data in similar credit decisioning models, the outcomes will depend on the lender and its culture, notes Deniz Tudor, a director in the consumer credit analytics division of Moody's Analytics (*www.moodysanalytics.com*), New York. "Credit unions are less profit-driven," she says, "and may be more inclined to tweak models or overrule them in order to help a long-time member who may be struggling temporarily."

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

Resources

You may also be interested in reading about marketing auto loans at *cues.org/0316driving*, mistakes to avoid in auto lending at *cues.org/0216mistakes*, and how fee strategy can drive indirect lending at *cues.org/0216loanzone.*

Attend the 2017 CUES School of Consumer Lending (*cues.org/socl*) and the 2017 CUES Advanced School of Consumer Lending (*cues.org/advsocl*) July 17-18 and 19-20, respectively, in Seattle.

NCUA's Complaint Management Directive

The guidance may be vague and concerning, but also presents an opportunity to become more competitive.

By Charlene Komar Storey

It's not uncommon for National Credit Union Administration letters and regulations to perplex CU leaders at times. And some guidance the agency issues causes serious concern and confusion. Case in point: the agency's declaration on consumer complaints.

In June 2015, NCUA issued Letter 15-CU-04: Improving the Process for Consumer Complaints (*http://tinyurl.com/consucompl*). The action has stoked anxiety at CUs for two reasons. First, it was an early example of NCUA reacting to an edict from the Consumer Financial Protection Bureau (*www.cfpb.gov*)—of essentially enforcing someone else's rule. The full implications of the interplay between NCUA and CFPB remain to be seen.

The second reason for the bigger-than-usual impact is the letter itself. Some executives find the new requirements vague and confusing. Others say the lack of specifics provided give CUs more opportunity to manage complaints in ways that reflect each unique CU and perhaps even improve its competitive edge.

Freedom or Fear?

CUs should take advantage of the leeway they're offered in complaint management, says Cindy Williams, VP/regulatory compliance at PolicyWorks (*www.policyworksllc.com*), Des Moines, Iowa, a CU compliance solutions firm. At the same time, Williams admits the vagueness inherent in the letter can cause concern about whether your NCUA examiner will be on the same page. "With flexibility comes a slight bit of fear," she admits.

Williams recommends CUs first set policy and procedure for complaint management and then teach employees what they need to do. "Training needs to be robust and ... include all employees," Williams says. Importantly, someone must be assigned to examine social media complaints.

What do employees need to do exactly?

Record and categorize the complaints that come in, Williams says. Each CU can do this in the way that's best for it, but there are some definite divisions that should be put in place.

A key category to consider are complaints that suggest the CU is violating a regulation. These should be taken to the board of directors, she advises. The board should determine whether there are trends in these complaints and whether management is responding appropriately by revising processes and products.

Complaints should be tracked in a spreadsheet or otherwise based on the risk to the CU, Williams says.

For example, complaints about products could mean members don't understand their complexities, and raise concerns that the CU is violating the unfair, deceptive, or abusive acts or practices provision (*http://tinyurl.com/udaaprule*) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Such a complaint would be recorded as higher risk than a complaint about the location of an ATM, especially considering that UDAAP infractions have recently drawn considerable attention with some resulting in civil money penalties and consumer restitutions.

The complaint reporting procedure should be quick and easy for employees, with the details going to the person the CU has charged with complaint management, Williams says.

The Upside

Williams worked at a financial institution when it started tracking complaints. "I was surprised at how much we learned," she says.

For example, management might previously have been unaware of the scope of a problem. "A member might talk to a staff member who had helped them in the past, and that staff member takes care of the problem, so you don't see the big picture," Williams notes.

CUES member Kim Withers, CEO of $335 million, 26,000-member Meridian Trust Federal Credit Union, Cheyenne, Wyo., agrees.

"When we hear about regs coming out, our reaction often is to go to the dark side," she says. Some employees may feel that they just got another burden added to their workday or that certain complaints aren't serious enough to be logged in.

But a formal procedure has a lot to recommend it, according to Withers. It adds to

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transparency. It allows executives to note important points and to track trends to see if they missed anything. The "objective and purpose" section of Meridian Trust FCU's policy points out that, "If handled in a constructive manner, complaints are an opportunity to improve operations, services, enhance member relations and update systems as appropriate."

In two places on its website (*www.mymeridiantrust.com*)—in the "Education" and "About" sections—the CU offers members a detailed description of how to make a complaint, including what information is needed, how to get help in filing, and the fact that if a member is unhappy with a complaint's handling, he has the right to ask for the CEO to consider it. NCUA's contact information is also provided. This information has been distributed in the CU's newsletter as well.

Withers welcomes talking to any member with a grievance, which she says tally just one or two a month.

"I try to make myself available, by phone, in the office, whatever," Withers says. "I'm a big believer that it's a co-op and members are part of the organization. I want members to talk to us first before they think they have to go to an outside institution to be heard."

Policy Pointers

CUES member Marita A. Hattem, chief experience officer at $1.3 billion Connexus Credit Union (*www.connexuscu.org*), Wausau, Wis., says that although the NCUA letter is a good reason for a CU to have a formal policy, handling complaints is equally important for customer service.

NCUA Letter Details

NCUA states in Letter 15-CU-04: Improving the Process for Consumer Complaints (*http://tinyurl.com/consucompl*) that it "will provide credit unions with 60 days to resolve most consumer complaints before NCUA's Consumer Assistance Center intervenes." The agency also includes in the letter recommendations for credit unions to maintain effective procedures to process consumer complaints as part of their overall compliance management systems.

Hattem is the person responsible for handling complaints from regulatory or other official channels at the Wausau, Wis.-based CU. "I am accountable," she says simply. Hattem sends a report to the board audit committee, which acknowledges it, but so far there has been no need for a complaint to go further.

How you word the CU's formal policy is important in many ways, Hattem says. It should set parameters, but not address every detail in black and white.

"I came out of health care, and I learned there that the regulator will cite you if you are not adhering to the details of your own policies," Hattem says.

Health care malpractice lessons also apply to members, she adds. "If you're honest, transparent and show them how you're correcting the problem so that it won't happen to someone else, people rarely sue," Hattem says.

At Connexus CU, integrity is of primary importance, she says—so if a member reaches out to a regulator, such as NCUA or CFPB, that's a red flag that the CU may be missing something in its procedure or in its relationship with the member.

When replying to NCUA when it has received a member complaint, Hattem is thorough, prompt, compassionate, kind and understanding—the member needs help but is no longer listening. "As you write to the regulator, you're really writing to the member," Hattem points out.

Like Williams, Hattem finds that complaints can highlight the need for greater member education about some products or services.

"You learn a whole lot of things," Hattem says. "It's a great test of our ability to have our procedures vetted by an unbiased third-party viewpoint—in this case, the regulator.

"Is the customer always right?" she asks. "No, because they don't have the expertise we do. We have the responsibility to educate them about their financial responsibilities, not just pacify them. If we can demonstrate to a member that we are on their side, they are very likely to be open to what we have to offer."

Size Matters

Connexus CU has merged many times over the past few years and has members in all 50 states, yet only a handful of branches. It stresses virtual service delivery, including online banking and the use of ATMs.

That structure may make it more likely that executives will not hear all complaints. But, cautions Vincent Hui, senior director at CUES Supplier member and strategic provider Cornerstone Advisors (*www.crnrstone.com*), Scottsdale Ariz., any large CU needs to make a special effort to collect and address complaints.

Hui says having a formal complaint process is a best practice. "Any organization should have a central mechanism to capture complaints, no matter how they come in, including through social media, surveys and letters," he says.

Further, a triage process needs to be defined, and the owner of the complaint identified. "There needs to be some prioritization," Hui says.

The initial rollout is very important, especially in terms of training people about what they need to report and to whom they must report it, Hui says.

Credit unions also need to look at complaints as potential indicators of systemic problems, he notes. They need to identify how often a particular issue comes up and decide how management should address it.

On a broader scale, Hui adds, complaint management has a lot to do with risk—compliance risk, transaction risk and strategic risk. Strategic risk can affect the credit union's ability to attract, keep and serve members. Hui points out that winning against the competition has a lot to do with offering the best member experience.

"This is where if we care enough at the strategic level, it is a win-win," Hui says. "It's a good practice, not just because NCUA is forcing us to do it."

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

Resources

CUES members can download Connexus CU's complaints policy at *cues.org/membersshare.*

Read more about UDAAP at *cues.org/042414oncompliance.*

Get our monthly "On Compliance" column delivered to your iPad or iPhone via the myCUES app (*cues.org/mycues*). Or sign up to get the link in email via the *CUES Advantage* e-newsletter (*cues.org/enewsletters*).

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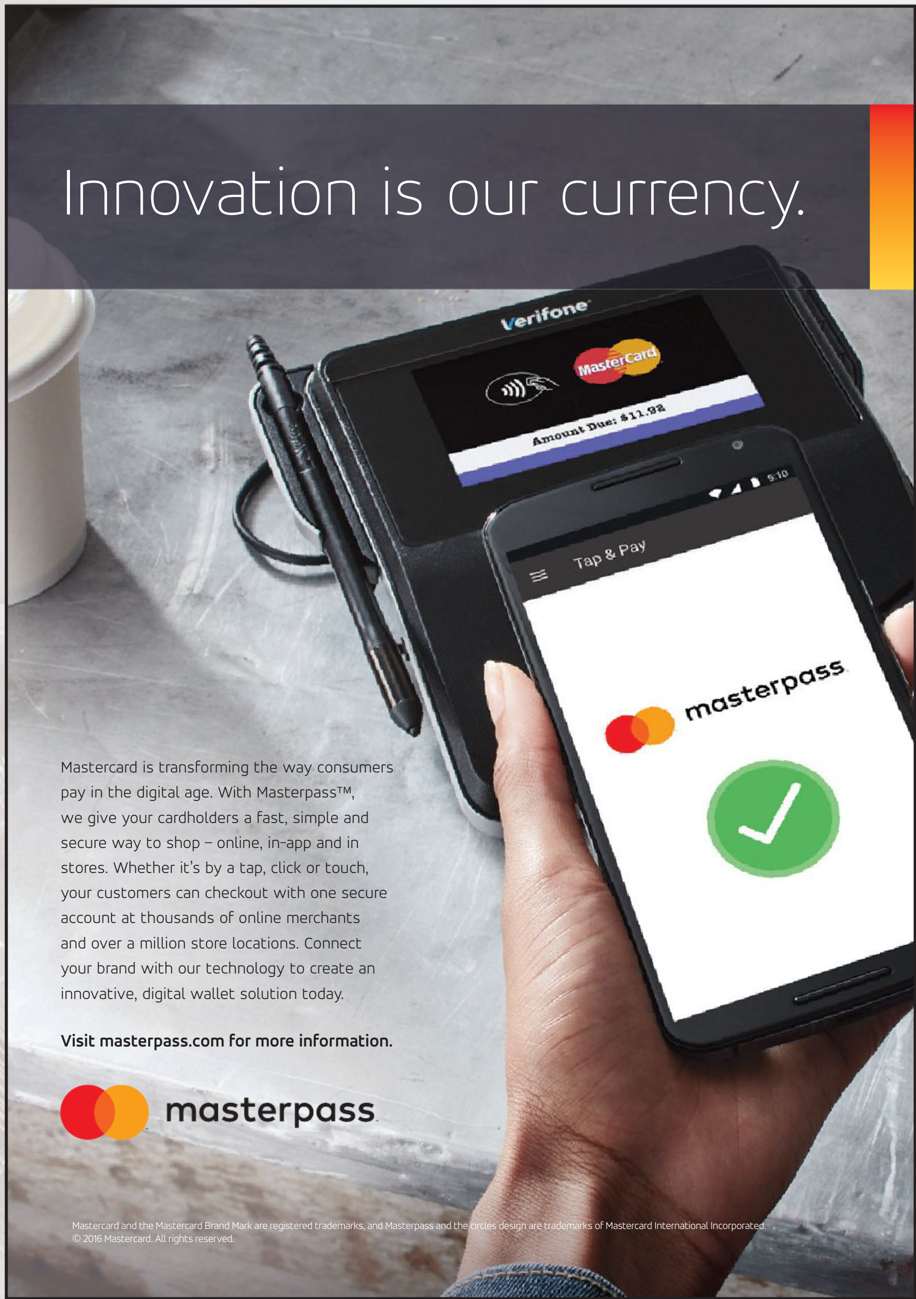

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Gaining Traction in Transition

Timing is a key consideration in planning for new leadership.

By Karen Bankston

When a credit union has been ably led by a CEO for a decade or more, the tasks of hiring a new chief executive and planning the transition in leadership qualify as rare events for the board of directors.

Through advance planning and a careful inventory of the core competencies the next CEO will need to meet the challenges ahead, the board can be better prepared to oversee the transfer of leadership and launch a fruitful working relationship with the new person. In doing these things the board can gain traction for the credit union's next chapter.

Years in the Making

Even with the benefit of solid succession planning, the board of SAFE Credit Union (*www.safecu.org*) committed to a thorough selection process when, in 2013, longtime President/CEO Henry Wirz shared his plans to retire in three years. His retirement would end more than three decades with Wirz at the helm of the $2.4 billion Folsom, Calif., credit union.

The first step the SAFE CU board took was to restructure executive leadership for the next two years, continuing Wirz's role as CEO and changing David Roughton's title and duties from EVP/chief operating officer to president/chief operating officer. "Dave had some additional reports during his first year as president/COO and, during the second year, almost all of the VPs reported to him," explains Chair Ronald Seaman. "That set the stage for the transition."

The next step of the board, which is a member of the Center for Credit Union Board Excellence (*cues.org/ccube*), was to hire Paragon Leadership International (*www.paragon-lead.com*), Novi, Mich. Paragon Leadership consulted as directors worked through the processes of revising policies to reflect the change in leadership roles, identifying the core competencies and skill sets the credit union's next leader should possess, and reviewing and revising the CEO position description.

"We specified to the consultant that we were happy with the credit union's current direction and wanted to align the job description and core competencies with that direction," Seaman says. "We also wanted to have enough time to do this right—and to

put out the call for external candidates if the need arose."

The SAFE CU board spent several months laying the groundwork for the CEO search before opening the position for internal candidates in February 2015. Only one candidate, Roughton, stepped forward, though the search committee interviewed other executives to gauge their interest in the position and to gain their input on their colleague's strengths and possible challenges in the top leadership role. One observation was that, with Roughton's background in finance and operations, he could use more exposure to lending as part of his professional development, Seaman says.

The board announced in August 2015 its plan to hire Roughton as the next CEO when Wirz retired on March 31. Then the transition began in earnest on both the board and executive team levels. As Wirz's retirement neared, the board took steps to recombine the leadership positions, and the incoming CEO submitted his revised organizational and executive leadership chart. Seaman also provided an overview of the annual performance review process for the new chief executive.

In addition to that formal evaluation, the board offered in June a quick review on Roughton's first quarter in his new role. "That's important during the transition—to provide some feedback early and to establish that back-and-forth communication," Seaman says.

All in the Timing

As the SAFE CU example demonstrates, the ability to look out three to five years in advance of a leadership transition helps to facilitate the development of internal successors. "The board is responsible for establishing the goals and metrics for CEO performance, which might include starting a rigorous CEO succession program," says Peter Myers, senior vice president of DDJ Myers (*www.ddjmyers.com*), Phoenix. "A smaller, incremental step in that direction might be a talent readiness assessment of the senior team."

When envisioning the grooming of a potential internal successor, "initiate those discussions sooner rather than later" with the current chief executive to allow adequate time for leadership development, agrees Michael Daigneault, CCD, CEO of Quantum Governance (*www.quantumgovernance.net*), Vienna, Va., CUES' strategic provider of governance services.

"Everyone comes to the table with strengths and weaknesses," Daigneault notes. "Given sufficient time, the candidate will be able to engage in self-study and analysis and pursue additional opportunities to round out their experience and skill sets."

These preparations might begin with a 360-degree evaluation, DISC profile assessment (*www.discprofile.com*), and/or an interview with an executive coach to help identify in which areas the candidate might want to focus development efforts. For example, an executive with extensive experience in finance or operations might want to spend time in other departments, while a candidate who has primarily worked within the credit union might take on a more external role by getting out in the member community.

Three years before his last day on the job, now-retired CEO Gary Easterling, CCE, gave the United Federal Credit Union board of directors an initial heads-up that he was thinking about retiring. "That's good. That's healthy," says CUES Director member Mike Hildebrand, chair of the $2.2 billion St. Joseph, Mich., credit union (*www.ufcu.org*). "As people get more toward the end of their careers, the board needs to be prepared."

Set the Date

In planning its leadership transition, the United FCU board initially discussed posting a position opening for a president/chief operating officer who would work alongside Easterling for a year or more until he retired. However, Hildebrand says the board's recruitment consultant, Deedee Myers, Ph.D., MSC, PCC and CEO of DDJ Myers, advised against this plan for a "long baton hand-off."

"She told us, 'If you want to acquire top-tier talent, they have to know that they are the boss as of such-and-such a date,'" Hildebrand recalls. "At that point, our other plan went out the window."

Instead, CUES member Terry O'Rourke became CEO the first day he joined United FCU, with Easterling on hand for a week to make some key introductions and serve as a resource for some of the work in progress.

If an organization has had adequate time to ramp up for the transition, Daigneault suggests that "a clean break is usually in everyone's best interests," with just a short period in which the outgoing CEO remains on hand to consult with his or her successor.

"I'm not convinced that the outgoing CEO has to remain in a formal role, as a consultant or member of the board," he says. "But if there are circumstances where the transition period is short or an external candidate might benefit from the CEO's understanding of the organization and community, for example, a short-time contract for consulting might be appropriate."

Once the board has hired a new CEO, there needs to be "a clear line of sight that on this date, everything is going to change," Peter Myers says. "Having that be ambiguous is a recipe for a power struggle. You don't want to put the staff in a position of wondering, 'Do I do what my current boss wants? Or what my future boss wants?'"

The longer executives have to train as CEO candidates, the better, says Greg Longster, partner with CUES strategic provider Davies Park Executive Search (*www.daviespark.com*), Vancouver, British Columbia. "But in terms of the actual overlap after the new person is hired, whether it's an internal or external candidate, with the departing CEO still on board, I've seen it run far too long. That can cause all kinds of awkwardness and troubles for the executive team and staff. In my mind, anything past two weeks is too long."

"The new person coming in needs to establish their own credibility, develop their own relationships, and start carving a path in a new direction," Longster adds. "Often the outgoing CEO, as long as the departure is on good terms, will still be available if any questions arise."

There may be a wide variation between what the board, the outgoing CEO and the new CEO believe to be the optimal length of the overlap period with both executives working together, he notes. At a recent board conference, Myers asked for a show of hands on how long that period should be. Only a few directors agreed that the outgoing executive should work side-by-side with the new CEO for a few days or less; the majority agreed that a month or longer would be best. Widespread surprise greeted Myers's announcement that the vast majority of incoming CEOs would prefer an overlap of no more than a couple days.

> Once the board has hired a new CEO, there needs to be a "clear line of sight that on this date, everything is going to change. Having that be ambiguous is a recipe for a power struggle."
> Peter Myers

"The longer it goes, the more cause there is for breakdown and confusion. And the longer it goes, the more potential there is for the executive team and staff to get confused and uncomfortable, especially with external candidates," he notes. "I've heard new CEOs say, 'That was the longest three days of my life,' because they are put in an awkward position where they see the retiring CEO make some calls that they fundamentally disagree with." (*Read how credit unions made a longer overlap period work for both the outgoing and incoming CEO in the article on p. 18.*)

Align Strategy and Deadership

The transition to new executive leadership should be guided by a credit union's strategic direction, Myers says. He recently worked with an already high-performing credit union that developed an ambitious new vision, "much bigger and bolder than in the past." The CEO recognized this major turning point as a good time for new leadership and arranged for cross-training and executive coaching for his second-in-command while discussing his retirement with the board. Over the next year, Myers consulted with the board and executive team on the role of the new CEO and other senior leaders and competencies needed to accomplish that new vision.

"When we do strategic planning, one of the things we ask the board and the senior team is, 'Do you have the technical and leadership skills to fulfill this mission?'" he says. "That's a question that is almost never asked in a typical strategic planning process. But if credit unions actually considered from a board and governing perspective whether they have the coordination, competencies and collaboration skills necessary to execute on their vision, then I think more plans would be realized."

All in the Details

The board also needs to be clear about how expectations for the incoming and outgoing CEO might differ, Daigneault says. As just one example, the outgoing CEO might have been internally focused on financial performance, whereas the board might want the next CEO to take on a larger role and presence in the community.

"The board should not assume that the incoming CEO, even an internal candidate, is going to be a replica of the departing CEO," he says. "Treat them as though they're an external candidate and give them the ability to put their own stamp on the organization."

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.*

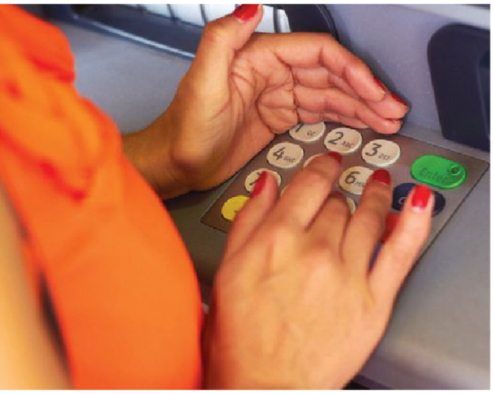
Resources

Read more about CEO transitions on p. 18 and an article about career paths on p. 40.

Members of CUES' Center for Credit Union Board Excellence can access a related bonus article about directors' involvement in CEO succession at *cues.org/0816 ccubenews*. Not yet a member? Sign up for a 30-day free trial by emailing *cues@cues.org*.

Get our monthly "Good Governance" column delivered to iPad or iPhone when you download the myCUES app (*cues.org/mycues*). Or have a link to it delivered in email by subscribing to our monthly e-newsletter, *CUES Director Advantage* (*cues.org/enewsletters*).

CUES strategic provider DDJ Myers (*cues.org/ddjmyers*), Phoenix, knows succession planning inside and out.



ATM PIN Security Controls

Board oversight is critical for financial, regulatory and contractual reasons.

By Peter Trombley

The financial reason for paying attention to how personal identification numbers are protected at ATMs is in the news every day.

As most directors are aware, ATM fraud is on the increase. A study by FICO Card Alert Service (*http://tinyurl.com/ficocas*) reported that there has been an increase of 546 percent in the number of ATMs compromised in the United States in 2015 compared to 2014. If members lose funds, CUs may have to replace them (even above their bond for a massive cash-out attack).

Boards also need to ensure PINs are protected at their CUs for compliance and contractual reasons.

More Focus on Cybersecurity

All CU boards have a moral obligation and a regulatory duty to protect members' data. Per Appendix A of the National Credit Union Administration's rule 748 (*http://tinyurl.com/ncuasecrule*), the board, or an appropriate committee, is responsible for overseeing the development, approval, implementation and maintenance of the CU's information security program.

Each year the president, with full board approval, must attest that the CU's program equals or exceeds rule 748's standards. Without validating the CU's PIN security controls—and many CUs don't—this attestation cannot be accurately completed.

Additionally, the Federal Financial Institutions Examination Council's new Cybersecurity Assessment Tool (*http://tinyurl.com/ffieccyberassess*) addresses the risk of various electronic delivery channels, including ATMs. If your CU owns ATMs, FFIEC says you have moderate to significant risk exposure. NCUA has already indicated that its examiners will be using this tool and looking closely at payment systems security.

Another key tool is TR-39 (*http://tinyurl.com/ansitr39*), "PIN Security and Key Management Review" from the American National Standards Institute. TR-39 (previously "TG-3") is both a set of standard controls and a method to validate and report compliance with these controls, which meter the security of a member's PIN from the ATM through the debit network to the card-issuing institution.

Contractual Reason

The contractual reason for boards to keep an eye on ATM PIN security arises from the particular ATM network that a CU uses for foreign PIN debit transactions that take place at the ATMs the CU owns. Most networks require their members to meet industry standard security controls and to indemnify other network members for losses caused by a CU that's out of compliance.

Several ATM networks—Pulse, Star and NYCE—have established an exam-based certification for auditors of credit union ATM PIN security. The CTGA (Certified TR-39 Auditor) designation identifies individuals who exhibit a mastery of the standards for securely handling PINs and the encryption keys used to protect them. Typically, CU staff members don't seek this certification for two reasons: It's fairly cost- and time-intensive, and the networks require the ATM auditor to be independent of the operations being audited.

The TR-39 review is a small compliance effort with a big payoff; the onsite review is usually accomplished within a day but can often result in identifying and correcting significant debit compromise risks.

ATMs offer a wonderful convenience to our members, and each CU must make its best effort to ensure that this convenience is safe and secure. In today's environment, boards will want to ensure that the CU is protected financially by being compliant with government rules and industry standards.

CUES Director member Peter Trombley, *CTGA, is chairman of $175 million TCT Federal Credit Union* (www.tctfcu.org)*, Ballston Spa, N.Y., and managing director of Bankcard Compliance Group* (www.bankcardcompliance.com)*. He has more than 20 years of experience providing information technology and security consulting to financial institutions. Reach him at* peter@bankcardcompliance.com.

Resources

Read more about FFIEC's Cybersecurity Assessment Tool at *cues.org/0316techtime* and the role of insurance in mitigating cybersecurity risk at *cues.org/0716cybersecurity*. Also read about the 2016 compliance landscape at *cues.org/1115oncompliance*.

"Secure Might Actually Be Insecure" will be a keynote session at Directors Conference (*cues.org/dc*) this December in Maui. Rates increase $400 Oct. 27.

Helping Them Soar

Providing formal employee development and career pathing not only helps employees realize their potential and achieve their goals. These programs also make credit unions stronger and more competitive.

By Pamela Mills Senn

There are plenty of good reasons to undertake a formal employee development program, one designed to give those interested in advancing their careers the skills and support to do so should the opportunity arise.

After all, thousands upon thousands of baby boomers are retiring daily, and significant numbers of them have occupied senior-level positions that can't go unfilled. But besides this, employee development programs are excellent tools for inspiring and motivating staff, fostering engagement, reducing turnover and increasing satisfaction, all of which bode well for the credit union's members and, consequently, the organization itself.

In fact, the positives of providing interested employees a way to move forward in their careers are so significant that Greg Longster thinks any performance review process should incorporate a development plan and a discussion of potential growth opportunities, albeit with some caveats.

"There is very little downside to engaging in the discussion," says Longster, partner with CUES Supplier member and strategic provider Davies Park Executive Search (*www.daviespark.com*), a Vancouver, British Columbia-based executive search firm focused on the financial and credit union sectors. "However, concerns arise when career paths are dictated rather than discussed—this should be a two-way dialogue. Other issues may arise when an employee is over-promised and the organization doesn't deliver. Finally, issues can also arise when an employee is promoted without the appropriate level of support." But credit unions can put measures in place to mitigate these issues, Longster adds.

And in reality, despite these potential concerns, there's very little choice but for credit unions to offer a career path to younger employees, says Deedee Myers, Ph.D., MSC, PCC and CEO of CUES Supplier member and strategic provider DDJ Myers Ltd. (*www.ddjmyers.com*). Located in Phoenix, the consulting company provides a broad range of services, including leadership development to financial institutions and other entities. However, like Longster, Myers mentions a potential downside: the assumption by employees who are offered career pathing that they're guaranteed to move up.

"It could be considered a promise when it isn't," she explains. "What is required is clear communication, such as telling employees that in order to be *considered*, this is what they

need to learn and know."

Credit unions may also have concerns about budgeting for career development, but given the upsides, financing such programs will likely bring a good return on investment. And the costs don't have to be prohibitive. Myers says that when most of her clients implement a "robust leadership program," the costs run anywhere from $50,000 to $150,000 (depending on the number of participants) the first year.

"And then what happens in year two is that some of the superstars from year one mentor in year two, and so organizations achieve economies of scale," she explains.

There are also low-cost strategies credit unions can deploy to help employees gain new skills, says Longster. "Job shadowing, taking on stretch assignments, filling in vacancies in an 'acting' or 'interim' capacity, job swaps, cross-training and assuming positions in other areas of the organization are all things that cost very little yet can bring great value to the employee and potentially the organization."

Programs in Action

CUES member Bill Birnie, president/CEO of Pacific Marine Credit Union (*www.pmcu.com*), Oceanside, Calif., says his organization has allocated about 1.5 percent of its total operating costs (out of an operating budget of $31.1 million) for employee development. This percentage may change and will likely increase next year, he says.

The CU has a membership of approximately 78,000 and assets of around $755 million. Employees number 230. Over the last three years Pacific Marine CU has grown by more than $70 million, an annualized growth rate of approximately 3.5 percent.

Throughout the years, the CU has tried a number of employee development programs assisted by outside firms and have achieved some satisfying results, says Birnie. Current efforts include (but are not limited to):

- The CU puts employees through CUNA's Creating Member Loyalty program, an initiative launched three years ago. Pacific Marine CU's Learning Institute (the training department, located at CU headquarters) first takes employees through CML's service component, then the sales component and then through side components on leadership. There is refresher training and an ongoing coaching component as well. Upper management from the various branches attends the initial training at headquarters and then takes this learning back to the branches.
- The CU created a Toastmasters club (*www.toastmasters.org*)—a very low-cost option open to all employees. "This is excellent for leadership development," says Birnie. "Being able to speak comfortably and effectively in front of people is a big part of leadership."

Conexus Credit Union (*www.conexus.ca*) has also implemented several career pathing programs for its employees. Headquartered in Regina, Saskatchewan, Conexus CU is the product of 63 credit unions that have merged over the last 80 or more years, says CUES member Eric Dillon, CEO. The open-bond credit union serves 119,000 consumer, agricultural and small-business members. It currently has 41 branches throughout most of Saskatchewan, 950 full-time equivalent

Making the ID

Not every employee wants to move up in his or her career. In fact, Deedee Myers, Ph.D., MSC, PCC and CEO of CUES Supplier member and strategic provider DDJ Myers Ltd (*www.ddjmyers.com*), Phoenix, guesses that around 15 percent of people are happy in their roles and aren't interested in changing them. She says this doesn't necessarily mean these employees are disengaged, or may become so in the future, but cautions that complacency on the part of management could result in disengagement for some.

To prevent this, credit unions should initiate regular conversations with these employees about how they're making a difference to the organization. Fostering engagement by offering them special projects is another effective tactic, she says.

Some employees have outside commitments that prevent them from moving forward in their careers, says Greg Longster, partner with CUES Supplier member and strategic provider Davies Park Executive Search (*www.daviespark.com*), a Vancouver, British Columbia-based executive search firm. Others may value the flexibility and comfort of their current position, and view advancement and promotion as jeopardizing these benefits.

Far from being a cause for concern, employees who want to remain in their current roles can actually benefit a credit union, considering the typical pyramid-like shape of most organizational charts, he adds.

"[Consequently] there are usually far fewer senior-level roles compared to junior-level ones," Longster explains. "Therefore, not everyone can become a senior executive. It's actually very healthy for an organization to have employees who just want to be excellent in their current positions. They should be embraced and provided with other opportunities to grow, stay motivated and develop, without necessarily advancing."

How can employees who do want to move up be distinguished from those who don't? Myers suggests simply asking them monthly, conducting what she calls "stay interviews." Questions to pose include:

- How are you doing?
- Why do you stay?
- What would cause you to want to leave?
- What would cause you to want to change your role?

These don't require much time at all, says Myers. They can take place over a cup of coffee or during a quick 10-minute walk. Not only can these conversations help managers and supervisors tease out those interested in advancing, they can help forge a connection between employees and the organization.

Actually, says Longster, the biggest challenge may not be identifying the employees who want to advance. "Instead, the more difficult determination may be to identify those who are actually willing to put in the extra work and effort required. A desire to move forward and a willingness to do what it takes are two very different things."

employees, and boasts assets of $7.15 billion. Over the last five years, the credit union has averaged asset growth of about 10 percent annually, says Dillon. Among other tactics, the CU's employee growth and development strategies include:

- Creating a list of competencies and a development guide highlighting the necessary skills for each role and the behaviors required for success. Dillon says CU leaders engaged the organization, including the board, to develop these competencies, which have been in place for about three years.
- Providing each employee with a specific learning and development plan based on a current assessment of their skills—"both from a results perspective as well as a behavioral perspective," says Dillon.
- Mentoring. The program has 60 active mentor/mentee relationships that are reviewed every six months to ensure the needs of the employee and organization are being met. Mentoring relationships are rotated from time to time, allowing the employee to experience different learning environments and different parts of the organization.
- A leadership development curriculum based on 10 percent technical training, 20 percent self-awareness tools and 70 percent experiential opportunities (participants can work on projects or in other areas of the CU that are outside of their current roles). The process is segmented into three areas of growth: leading self (self-awareness, 360 reviews, Myers–Briggs Type Indicator, Birkman assessments [*https://birkman.com*]); leading others (team building, leveraging others, learning/judging mindset); and leading organizations (thinking strategically, creating a shared vision, innovation, leading at scale).

"Everyone in a leadership position is expected to engage in the leadership development program," says Dillon. "For those leading for the first time, we tend to focus on lead self/lead others. For those whose next step is a leadership-level role, we expect they are well-versed in leading self and have had the opportunity to get feedback on their skills from others in the company."

Results and Challenges

Dillon says the CU's "spend" on employee learning and development is not determined from the top down as a percent of spend, but rather is rolled up from individual development planning and will vary depending on the level of the employee and the development required. "Some might be very expensive, such as MBA or executive education; for others, it might be conferences/shorter-term learning opportunities," explains Dillon.

However, the results have been significant. According to Dillon, Conexus CU is consistently ranked by AON Hewitt (*www.aon.com/canada*) as one of Canada's best employers from the perspective of employee engagement. The CU has also been inspired to create a Women's Leadership Network.

"We're testing the hypothesis that emerging women leaders might need different skills, learning environment and coaching to help them transition to leadership-level positions," he explains. "We're actively tracking the number of female leaders in the organization—we have 83 percent women in our company, so we hope to get similar penetration at the leadership level."

At Pacific Marine CU, Birnie says one of the outcomes of the CU's development efforts is a greater sense of unity among employees. "Before, there were too many silos in the organization, and this was interfering with cross-development communication," he says. "It also created a somewhat territorial mindset. So we broke down the silos, and communication has improved, creating more of a feeling of teamwork. We're also having more effective meetings and more courageous conversations."

But there have been some bumps along the way, one of these being lethargy, says Birnie. Not everyone buys into the effort and supports the new culture. This is particularly worrisome when it happens at the senior-leadership level. "In these cases, you either have to coach them in or coach them out," of the credit union, says Birnie.

Conexus CU has faced challenges, too. "The biggest one has been getting department and line leaders to understand what a proper learning and development discussion looks like and how to have a productive discussion around employee development," says Dillon. "They're also learning how to ensure that it's happening throughout their departments within the organization. I spend considerable time working with high-potential leaders and talking to the executive team about talent management and the development of their employees."

As for the concern expressed by some organizations over spending (sometimes significant) resources to develop employees only to have them take positions elsewhere, both Longster and Myers say this should be a non-issue.

"The worst thing an organization can do is avoid investing in their people for fear of eventually losing an employee, and viewing employee development efforts and costs as a waste," says Longster. "Leading organizations take the viewpoint of developing their employees to the greatest extent possible."

An employee leaving to take on a larger role elsewhere is actually a sign the CU is doing something right, says Myers. "I think it would be a problem if they *weren't* leaving," she says. "It would mean that the CU isn't developing its employees. And if it's not committed to developing its employees, then it's not serving the membership community in the way they should be served."

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

Resources

Managers can use CUES Learning Tracker to manage and track employee development plans (*cues.org/clt*).

CUES partners with some of the world's top business schools to bring you the finest graduate-level educational opportunities available. Esteemed instructors and exceptional courses set the standard for excellence by developing talent, and bringing career- and life-changing experiences to the movement's CEOs, executives, managers and volunteers. Learn more at *cues.org/institutes*.

CUES and Davies Park have partnered to offer executive search services to Canadian credit unions. Learn more at *cues.org/dp*.

CUES also works with DDJ Myers on succession planning, strategic planning and executive coaching for credit unions. Learn more at *cues.org/ddj*.

Incentives and Employee Performance

Incentives can work. I see that each day with one of my two children. If dessert is offered to my daughter in exchange for eating veggies, she'll gobble up those veggies! But my younger child is another story. You couldn't incent him to care about veggies, even if you offered a whole cake—and he likes cake.

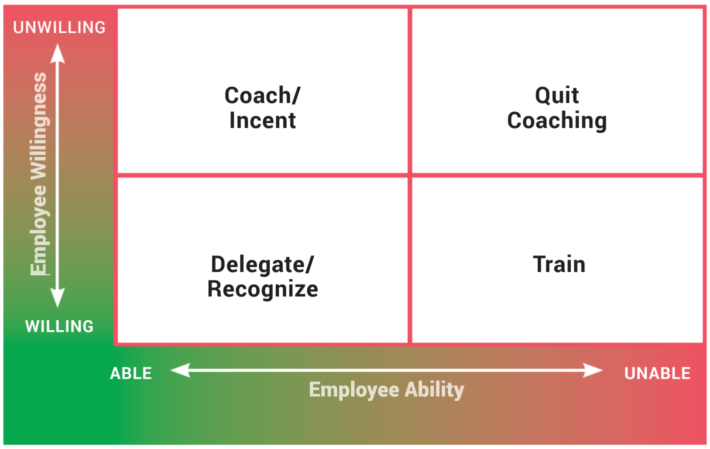
While you're not coaching your employees to eat their broccoli, you may see incentives hit and miss in the same way.

Mike Neill, president of MNA Inc. (*www.michaelneill.com*), Atlanta, and CUES' partner in offering ServiStar® Member Experience Builder (*cues.org/servistar*), discussed the challenges of incentive programs during the webinar "Incentives, Recognition, Bonus and Pay for Performance." (View it at *cues.org/incentplayback*.)

Neill suggested that incentives work for many reasons, if they're used as part of a great employee development plan. But incentives may not work for some. "You can't pay someone enough to make them care," Neill said.

Neill laid out this chart that helps credit unions determine what action to take when an employee isn't meeting a goal. Based on willingness of the employee and ability of the employee, you can determine how best to help the employee.

Four Types of Employee Performance Behaviors



Neill *is the founder of ServiStar® Member Engagement Builder, a consultative program that moves your credit union from order-taking to actively engagement members and improving their financial well-being. Find out more at* cues.org/servistar.

Laura Lynch *is CUES' products & services manager.*

Working Longer May Lead to a Longer Life

Working past age 65 could lead to longer life, while retiring early may be a risk factor for dying earlier, according to a study from Oregon State University.

The researchers found that healthy adults who retired one year past age 65 had an 11 percent lower risk of death from all causes, even when taking into account demographic, lifestyle and health issues. Adults who described themselves as unhealthy were also likely to live longer if they kept working, the findings showed, which indicates that factors beyond health may affect post-retirement mortality.

"It may not apply to everybody, but we think work brings people a lot of economic and social benefits that could impact the length of their lives," says Chenkai Wu, the lead author of the study. He conducted the research as part of his master's thesis at OSU, where he is now a doctoral student in the College of Public Health and Human Sciences (*http://health.oregonstate.edu/*).

Wu took an interest in the effects of retirement on health in part because of China's mandatory retirement laws (*http://tinyurl.com/chinaretire*), which are often debated.

"Most research in this area has focused on the economic impacts of delaying retirement. I thought it might be good to look at the health impacts," Wu says. "People in the United States have more flexibility about when they retire compared to other countries, so it made sense to look at data from the U.S."

Poor health is one reason people retire early and also can lead to earlier death, so researchers wanted to find a way to mitigate a potential bias in that regard.

To do so, they divided the group into unhealthy retirees, or those who indicated that health was a factor in their decision to retire—and healthy retirees, who indicated health was not a factor. About two-thirds of the group fell into the healthy category, while a third were in the unhealthy category.

During the study period, about 12 percent of the healthy and 25.6 percent of the unhealthy retirees died. Healthy retirees who worked a year longer had an 11-percent lower risk of mortality, while unhealthy retirees who worked a year longer had a 9 percent lower mortality risk. Working a year longer had a positive impact on the study participants' mortality rate regardless of their health status.

"The healthy group is generally more advantaged in terms of education, wealth, health behaviors and lifestyle, but taking all of those issues into account, the pattern still remained," says Associate Professor Robert Stawski , senior author of the paper. "The findings seem to indicate that people who remain active and engaged gain a benefit from that.

"This is just the tip of the iceberg," Stawski says. "We see the relationship between work and longevity, but we don't know everything about people's lives, health and well-being after retirement that could be influencing their longevity."

CUES
POTENTIAL, REALIZED.™

IT: The New Champion of Member Experience

By Butch Leonardson

There's something new on the horizon for information technology: championing the member experience across channels. As members continue to bounce from branch to mobile banking to online banking—all within the course of a day's work—a new type of leader must emerge at your credit union. This leader will be asked to smooth the way for channel hopping and exceed member expectations across all channels. Who better to champion the omnichannel experience than IT?

Your chief information officer probably has a well-deserved reputation as a techie, the one who keeps abreast of cutting-edge innovations. While this component of IT is certainly important, it's not the be-all and end-all. Consider this new paradigm: To maximize potential as an IT leader, it's not *what you know,* but it's *how you think* that matters most.

How you think must revolve around member experience. When loan officers deal with lending, marketers deal with branding, and so on across functional departments, who in the organization takes a holistic approach to member needs? I contend that someone like the CIO should be the most horizontal thinker on the executive team. That is, he or she should also be encouraged to cross the self-imposed department lines and manage member experience across all channels. This puts the CIO in position to observe the pain points members experience (in person, online and via telephone)—the first step toward developing solutions.

I was CIO at Boeing Employees' Credit Union (now BECU, Tukwila, Wash.) during a period of extreme growth. During those 16 years, we went from something like $3 billion to $13 billion in assets, from 300,000 to 1 million members and from two to 50 branches. While we prided ourselves on our award-winning technology, developing the member experience was our top IT priority.

I'm a big believer in focusing on moments of trust, those crucial times when you can either amaze or disappoint a member. This is where innovation efforts begin. Tackle two or three pain points a year and, before long, your member service ratings will be off the charts.

To learn about the pain points, take an inventory of all your forms (often artifacts of the past) and try to provide the same function in a digital way. In doing so, you may clear out pieces of old processes that cause blockages in workflow today. For example, look at your processes for onboarding members and staff. Is the process an explosion of paper and forms, or a simpler, Amazon-like digital experience? Similarly, continually look to push functionality out to your members via your digital channels.

Start with the end staff or member experience in mind and then work back to the enabling technology. This is called "outside-in" thinking. The use of technology with no compelling vision can cause layers of cost to be built up with no cohesive benefits or purpose. Another way of saying this is: "Try to avoid running to new shiny technology objects." If you focus instead on the resulting experience, you'll often find the enabling tool already in your shop.

CIOs who embrace the role of champion of member experience will become more valuable and relevant to their organizations. A credit union's chief information officer must be able to work across all channels and devices.

Weldon "Butch" Leonardson *is director of IT leadership at CUES Supplier member and strategic partner for technology and ERM services* (cues.org/cornerstone) *Cornerstone Advisors* (www.crnrstone.com)*, Scottsdale, Ariz. Join him for* CUES School of IT Leadership™ (cues.org/soitl) *Sept. 27-29, in Charleston, S.C., and take home a personalized strategic IT action plan that you can implement right away.*

CUES® Next Top Credit Union Exec 'Top 15' Named

Public voting has ended, and CUES Next Top Credit Union Exec has announced its Top 15 applicants for 2016. The competition—held in partnership with DDJ Myers (*www.ddjmyers.com*) and powered by Currency (*www.currency marketing.ca*), both CUES Supplier members—searches for emerging leaders age 35 and under in the CU industry.

"We were pleased to have had well over 200 worthy young credit union leaders nominated for our seventh year of competition. Of those nominated, 25 people from Canada and the U.S. applied," said John Pembroke, CUES' president/CEO. "We were delighted to see the votes flood in; we had well over 5,700 votes this year, a nearly 60 percent increase over last year."

The top 10 vote-getters plus five additional applicants advanced to the Top 15 phase:

- Lindsey Benson, 29, Loan Officer, Soo Co-op CU, Sault Ste. Marie, Mich.;
- Shannon Cahoon, 27, Community Outreach Coordinator, Fibre FCU, Longview, Wash.;
- Caire Chambers, 35, Training Manager, Smart Financial CU, Houston;
- Dustin Cole, 33, VP/Indirect Lending, Arkansas FCU, Jacksonville;
- Chris Conway, 34, Branch Manager, Smart Financial CU, Houston;
- Ali Fett, 35, AVP/Talent Development, Verve, a CU, Oshkosh, Wis.;
- Rachel Guyselman, 29, Operations/Marketing Manager, Tongass FCU, Ketchikan, Alaska;
- Nicole Haverly, 30, Senior Portfolio Manager, Affinity Plus FCU, St. Paul, Minn.;
- Ben Hering, 32, Business Development Specialist, Affinity Plus FCU, St. Paul, Minn.;
- Mario Mejia, 33, Business Development Director, Department of Interior FCU, Washington, D.C.;
- Michael Murdoch, 34, Marketing Specialist, NW Priority CU, Portland, Ore.;
- David O'Dell, 33, Branch Manager, America's First FCU, Birmingham, Ala.;
- Colleen Tilton, 34, Director of Staff Development, Blackhawk Community CU, Janesville, Wis.;
- Raffo Wimsett, 31, Campus Relations Partner, Commonwealth CU, Frankfort, Ky.; and
- Stephanie Zulegar, 32, VP/Chief Lending Officer, Y-12 FCU, Oak Ridge, Tenn.

The Top 15 will now submit a blog post about their project and receive an executive coaching session from DDJ Myers, a CUES strategic provider.

A judging panel of two CUES members and Deedee Myers of DDJ Myers will then score the Top 15's applications and blog posts, narrowing the competition to the Final Five, who will move on to the finals.

The five finalists will receive additional coaching, airfare, accommodations and registration to CUES' CEO/Executive Team Network™ (*cues.org/cnet*) Oct. 22-25 in Savannah, Ga., where they will give their final presentations. The winner will receive further coaching, airfare, accommodations and registration for two CUES' CEO Institutes, a total prize package valued at $20,000.

To follow along with the next stages of the competition, go to *www.NextTopCreditUnionExec.com*.

Stan Hollen Honored by New Payments University


Stan Hollen

In the coming year, CUES and CO-OP Financial Services (*www.co-opfs.org*) will bring a new payments program to the industry. Payments University will feature a blended learning format that combines live-taught online courses with classroom sessions led by world-class instructors. The unique format and robust agenda will provide students the knowledge they need to develop a comprehensive payments strategy and prepare for an uncertain and rapidly changing competitive landscape.

"Top business school faculty members will facilitate hands-on coursework on identifying and responding to "weak signals"—those emerging opportunities and challenges that can make or break your payments strategy. Participants will also dig deep into designing the next generation of payments for their credit union members," says John Pembroke, CUES' president/CEO. "Payments University will help credit unions compete in today's market and prepare them to be the leaders in payments in the future."

"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, EVP/industry relations, CO-OP Financial Services, a CUES Supplier member.

"To further honor Stan's contributions to the industry, CUES is funding two Stan Hollen Scholarships," says Pembroke. "The scholarships will pay the tuition in full to two deserving credit union leaders."

Attendees who complete all coursework and assigned projects will earn the Certified Payments Strategist (CPS) designation. Watch *cues.org* for more on Payments University and the scholarship application materials.

myCUES App Honored With APEX Award

The myCUES app received a 2016 APEX Award for Publication Excellence for Electronic Media—Special Purposes. There were 143 entries in the category this year.

APEX Awards is an international competition recognizing outstanding publications across all media, including magazines, brochures and websites.

myCUES (*cues.org/mycues*) is a free mobile app compatible with iPhone and iPad. It allows users easy access to CUES content, including features, articles, videos, webinars, blog posts and app exclusives.

Breathtaking Hawaiian vistas will support higher learning at Directors Conference 2016.

Inspired Learning for Directors

"Unless you innovate, a new competitor can show up out of nowhere and disrupt your business model overnight," writes Robert B. Tucker in a recent article (*http://tinyurl.com/tuckart*). "Products and services become obsolete faster and faster," adds Tucker, president of The Innovation Resource (*www.innovationresource.com*), Santa Barbara, Calif., and opening general session speaker for CUES' Directors Conference (*cues.org/dc*), Dec. 11-14, the Hyatt Regency Maui Resort and Spa Lahaina, Maui, Hawaii.

Directors Conference's agenda offers a "just right" blend of the practical and the inspirational, with both credit union-specific and cross-industry information.

Tucker's power-packed keynote, "Leading Ahead of the Curve," takes a fascinating look into his research on the megatrends impacting the financial services industry. You'll walk away with a practical model to leverage change to grow revenue and increase your credit union's competitive advantage.

You can't help but be inspired by Dr. Natalie Stavas, and the experience she'll share during her keynote, "Running Towards Chaos." On April 15, 2013, Stavas was just reaching the Boston marathon finish line when bombs were detonated. Instead of fleeing, she ran towards the chaos and saved four lives.

Stavas links her experience as a first responder to the impact attendees can have at their credit union. Staff can make a difference in members' lives by turning apprehension into action, deconstructing "impossible" and leading a fulfilling life by embracing challenges and chaos.

Learn more and register at *cues.org/dc*. Rates increase $400 Oct. 27.

CUES ADVANCED SCHOOL OF BUSINESS LENDING™: *COMMERCIAL REAL ESTATE LENDING*
Sept. 12-16
Inn and Spa at Loretto, Santa Fe, N.M.

BOARD CHAIR DEVELOPMENT SEMINAR
Sept. 12-13
Inn and Spa at Loretto, Santa Fe, N.M.

CUES DIRECTOR DEVELOPMENT SEMINAR
Sept. 14-16
Inn and Spa at Loretto, Santa Fe, N.M.

STRATEGIC INNOVATION INSTITUTE™ I, HOSTED AT MIT
Sept. 25-30
MIT Sloan School of Management, Massachusetts Institute of Technology
Cambridge, Mass.

CUES SCHOOL OF MEMBER EXPERIENCE™
Sept. 26-27
Charleston Marriott, Charleston, S.C.

CUES SCHOOL OF APPLIED STRATEGIC MANAGEMENT™
Sept. 26-29
Charleston Marriott, Charleston, S.C.

CUES SCHOOL OF ENTERPRISE RISK MANAGEMENT™
Sept. 26-30
Charleston Marriott, Charleston, S.C.

CUES SCHOOL OF BUSINESS LENDING™ III: *STRATEGIC BUSINESS LENDING*
Sept. 26-30
Charleston Marriott, Charleston, S.C.

CUES SCHOOL OF IT LEADERSHIP™
Sept. 27-29
Charleston Marriott, Charleston, S.C.

CEO/EXECUTIVE TEAM NETWORK™
Oct. 23-26
Hyatt Regency Savannah, Savannah, Ga.

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

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.*

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

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

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
Booth School of Business
University of Chicago

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

Get Back on Track

By Michael Bungay Stanier

My fifth book came out in February. *The Coaching Habit: Say Less, Ask More and Change the Way You Lead Forever* is elegant, compact and getting nice reviews. I'm proud of it—even though it took more than three years, four false starts and a certain amount of head-banging despair to complete.

After sharing three drafts unsuccessfully with my publisher, I finally remembered the book I wanted to write. When the publisher said no again, we parted ways and, after weighing the options, I decided to self-publish. I learned these lessons along the way:

1. It's almost always bad before it's good. And by "almost" I mean "always." For my other books, the good drafts came along pretty quickly after the bad ones. But as those ads for financial investments remind us, "past performance is no guarantee of future results." When my struggles continued, I lost faith in myself—and then regained it by (1) hanging out with my "Friends-I-Can't-BS," who didn't let me subside into self-doubt, and (2) remembering what I was good at, what I'd done before and how it was likely I could do it again.

2. If you don't know where you're going, nobody else does either. By my third draft, I was wandering the wilderness without a compass. Then I found my map. I remembered who I was writing for—the engaged, but time-crunched manager. I remembered what I strove for in my writing—practical, lean and funny. And I remembered my purpose—to democratize coaching, make it something everyone could give and receive.

3. You can't do great work by yourself. As I was getting back on track, I built an outstanding team—an editor, a designer, publishing consultants and others who heaved me onto their shoulders and carried me across the line.

Michael Bungay Stanier *is the senior partner and founder of Box of Crayons* (www.boxofcrayons.biz)*. This content appeared first on the Box of Crayons blog and is adapted with permission.*

Comment on this post at cues.org/072016skybox.

Bungay Stanier *has spoken at past CEO/Executive Team Network* (cues.org/cnet) *and CUES Symposium: A CEO/Chairman Exchange* (cues.org/symposium) *events. This year's CEO/Executive Team Network will be held Oct. 23-26 in Savannah, Ga.; the next CUES Symposium will be held Jan. 29-Feb. 2 in St. Thomas, Virgin Islands.*

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Get twice-weekly CUES Skybox posts delivered to your inbox when you sign up at *http://tinyurl.com/skyboxemails*.

Recent Posts

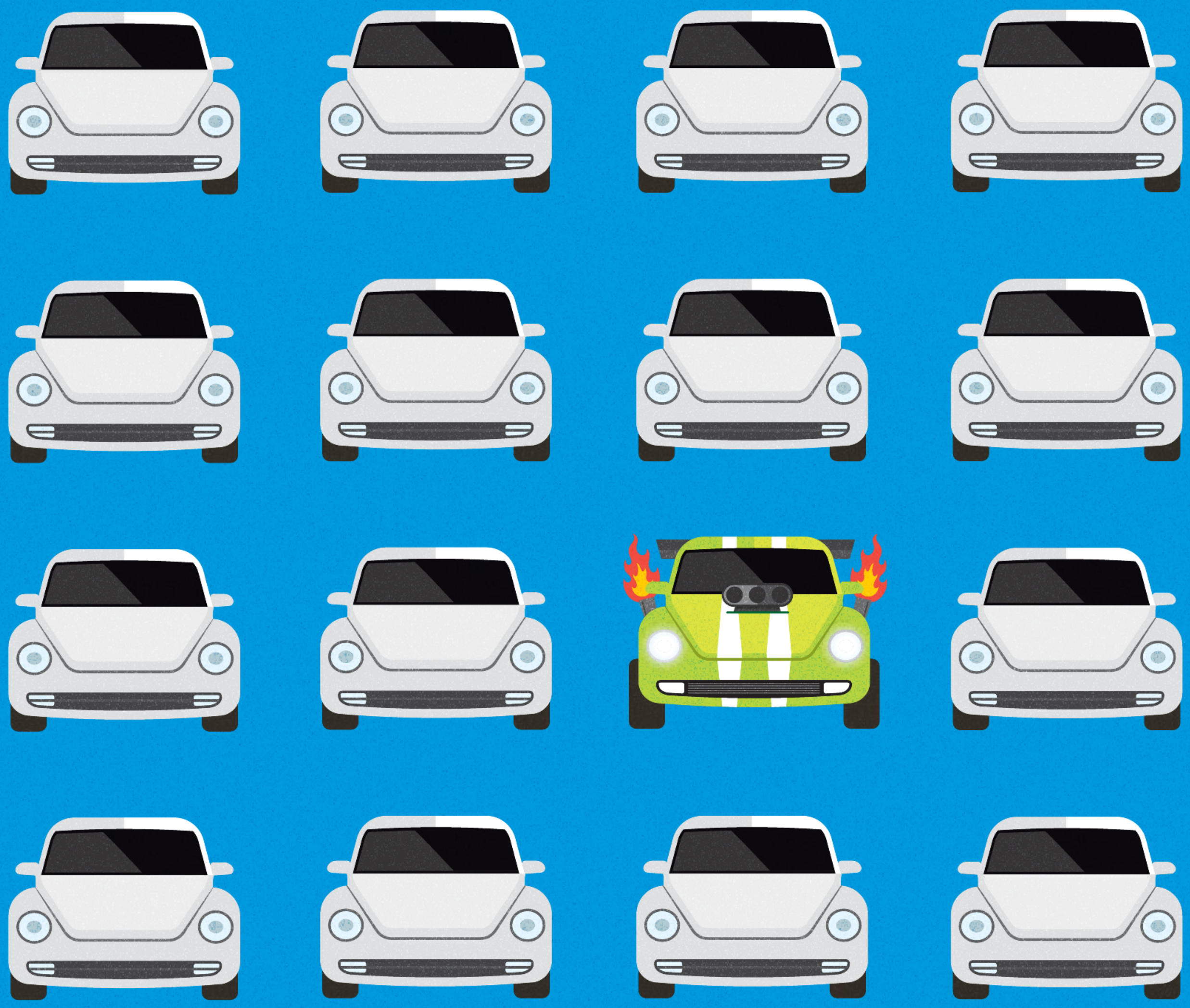
"A recent MagnifyMoney study showed credit unions with the highest digital adoption grew their assets in six months by 3.85 percent. That same data showed lost assets and shrinking memberships for those credit unions with the lowest scores."
Bart Scott, marketing communications coordinator for CUES Supplier member LSC (*www.lsc.net*), in "Put a 'Time Machine' in Their Hands" on CUES Skybox: *cues.org/071316skybox*

"Current neuroscience research shows that our brains are wired to be social and that a feeling of being connected to others is essential to our well-being. Organizations have become less personal due to rapid growth, workplace virtualization, competitive pressures, and such communication tools as email, text and voicemail. As handy as electronic tools are for staying in touch, they are not a substitute for face-to-face interaction."
Sandra McDowell, interim chief operating officer for First Credit Union *(www.firstcu.ca)*, in "Relatedness: The Key to Employee Engagement" on CUES Skybox, *cues.org/062716skybox*

"Rewards programs require a significant investment. And most leaders in the community financial institution space are aware of that. What they may not understand is how huge the return on that investment can be. In fact, the TMG-IQR team's analysis revealed rewards cards are 79 percent more profitable than their no-frills counterparts."
Shazia Manus, CEO of CUES Supplier member TMG (*www.tmg.global*), in "Yes, Credit Card Rewards Really Are Worth It" on CUES Skybox, *cues.org/062216skybox*

STAND OUT

• FROM THE AUTO LENDING CROWD •



With interest rates at all-time lows, it's more important than ever for auto lenders to find creative ways to differentiate themselves from the competition.

Visit swb.us/stand-out to learn actionable ways to help you stand out from the auto lending crowd.