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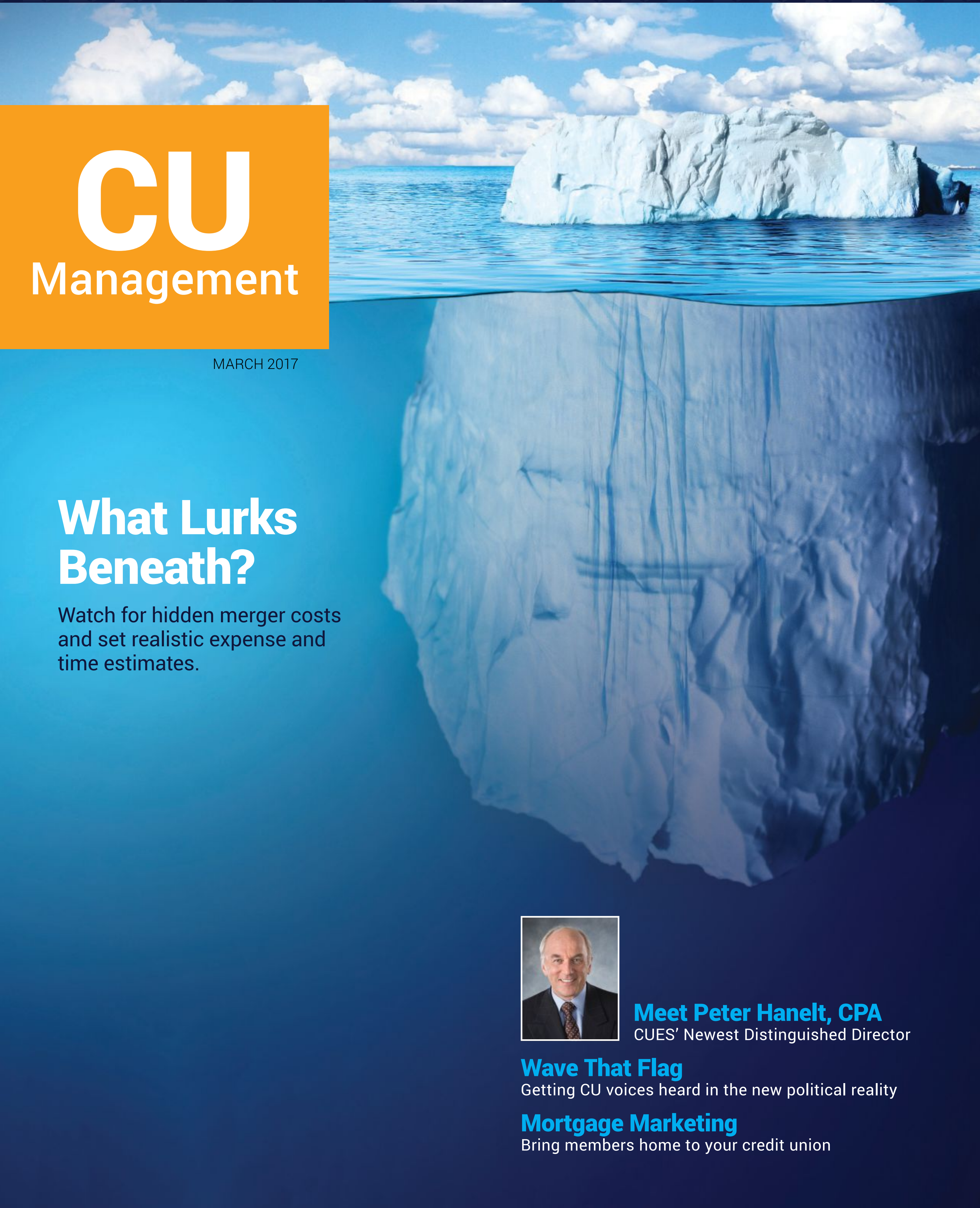

CU Management

MARCH 2017

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Watch for hidden merger costs and set realistic expense and time estimates.

Meet Peter Hanelt, CPA
CUES' Newest Distinguished Director

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Getting CU voices heard in the new political reality

Mortgage Marketing
Bring members home to your credit union

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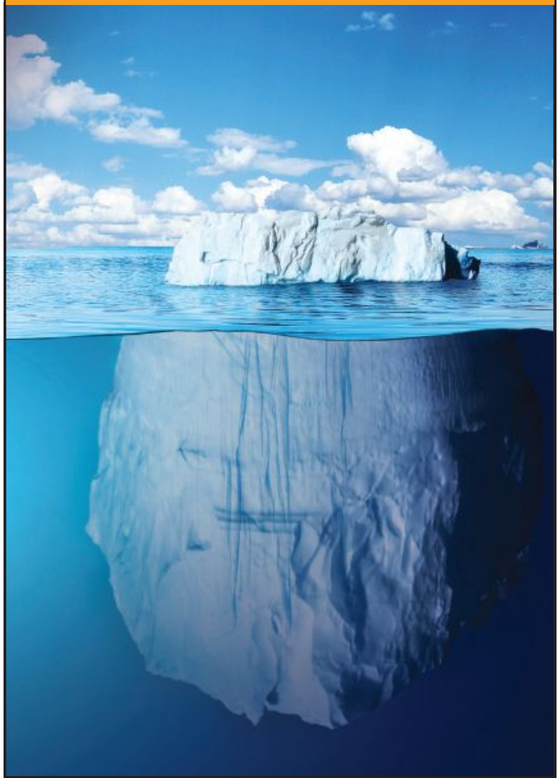

MARCH 2017 vol. 40 issue 3

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

Articles

In Every Issue

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MARCH 2017
Web-Only Bonus

Effective Resource Allocation Eases Recovery
(bonus from "Wading Through Disaster," p. 30)

State Employees' CU reroutes calls to serve members in the wake of Hurricane Matthew.

cues.org/0217allocation

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Stay in touch with homebuyers through personalized emails, mobile communications and regular phone calls from loan officers.

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Guest Sundeep Kapur discusses the world of digital payments and identifies what CUs can do to compete against companies like Pay Pal and fintech.

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Online-Only Column

Why Your Success Should Not Be Your #1 Priority

Look first to make your members successful, not yourself. Five questions to ask.

cues.org/0217leadershipmatters

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WINNER 2015 APEX AWARDS FOR PUBLICATION EXCELLENCE

Of Mergers and Leaders

The National Credit Union Administration approved 200 mergers in 2016, compared to 238 in 2015 and 262 in 2014. Will a decreasing trend continue? Time will tell.

But even if credit union mergers are decreasing—after many years of steady increases—in conversations with our members, we frequently hear mergers listed as a top area of concern.

In this month's cover story, we explore the hidden costs of mergers. While many credit unions consider mergers for the perceived benefits of greater economies of scale and better profitability, some merger expenses are not as obvious.

The largest direct costs in a merger are typically cancellation fees on data processing and other service contracts, says Stephen G. Morrissette, adjunct associate professor of strategic management with the University of Chicago's Booth School of Business (*www.chicagobooth.edu*) and lead faculty for CUES' Mergers and Acquisitions Institute (*cues.org/mai*). The fee for early termination on a core processing contract could amount to $25,000 per month for up to 24 months!

Other big expenses include legal fees, rebranding related to a name change and severance payments. But some costs are less obvious. Read more in "No Surprises," p. 26.

Another hot topic for credit unions is leadership continuity. Baby boomers began turning 65 in 2011, and both the Social Security Administration (*http://tinyurl.com/SSAretire*) and Pew Research Center (*http://tinyurl.com/pewboomers*) estimate that 10,000 boomers will turn 65 every day until 2030. While many older boomers delayed retirement after the Great Recession, Bloomberg reports (*http://tinyurl.com/bloombergretire*) that the number of Americans aged 65 or older not in the labor force rose by 800,000 in the fourth quarter of 2016. Closer to home, we list news of credit union retirements in almost every issue of the *CUES Advantage* e-newsletter (*cues.org/enewsletters*).

With so many bright minds leaving our industry, succession planning deserves your attention. Leaders who make succession planning a priority—such as the three described in the article starting on p. 42—ensure their CUs will thrive and forge ahead even when top leadership changes, writes freelance author Pamela Mills-Senn.

If you need help identifying potential successors for CEO and other top roles, Deedee Myers, CEO of CUESolutions provider DDJ Myers Ltd., (*www.ddjmyers.com*), suggests exploring five categories of competencies for leaders. View them at *cues.org/0217assessing*.

There are many ways to prepare to embrace new changes, from stretch assignments to higher education (our own CEO Institute—*cues.org/institutes*—has readied many execs for the top job over the years). Another option is executive coaching. We interviewed three CU executive and coach pairs to learn more about the process—and rewards—on p. 16.

I am eager to hear your thoughts about these issues. What competencies does your credit union value in a future leader? What merger questions do you have? And if you're planning to retire in 2017, how are you preparing yourself and your staff for the changes? Write me: *theresa@cues.org*!

Theresa Witham

Theresa Witham
Managing Editor/Publisher

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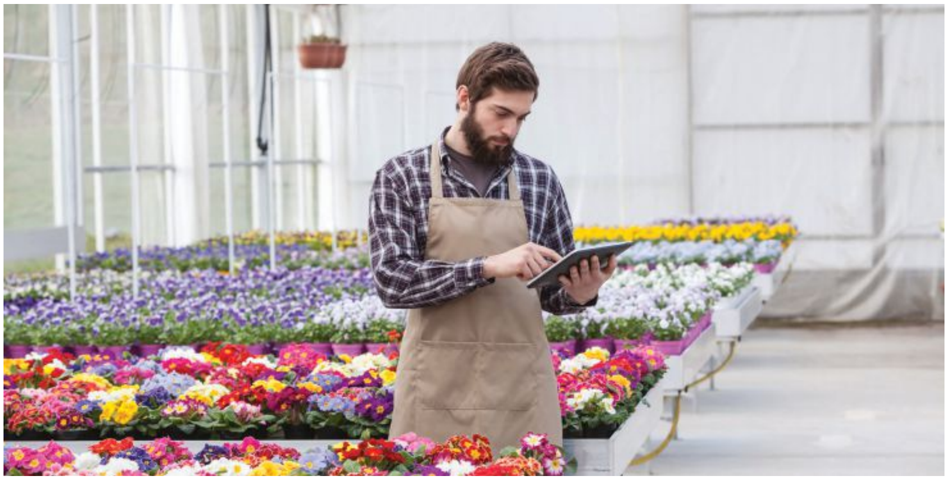

Extending Mobile to Business Members

ESL Federal Credit Union hopes to match its impressive share in the consumer market of the Rochester, N.Y., region by making inroads in business banking as well—and a new mobile banking solution is a key part of that strategy.

This past July, $5.9 billion ESL FCU (*www.esl.org*) partnered with Q2 holdings (*www.q2ebanking.com*), to launch a new digital banking suite for business members, including mobile access. The six-month implementation process was led by a cross-functional team and included a focus group of selected business members, says Keith Cleary, VP/director of business banking.

"Customer experience is one of ESL's strategic priorities, so we brought in test groups of business members to provide feedback on the look and feel of the mobile business banking and online platforms," Cleary says. "Our aim was to provide the same level of functionality and ease of use that many members enjoy on ESL's retail online and mobile banking platforms. A key measure of ease of use for us is no more than two clicks to get to where you want to go."

While some services are similar to those used by members with personal accounts, business members can also can access ACH transfers, Positive Pay security (*www.positivepay.net*) and fraud protection, and account reconciliation across multiple accounts, whether they sign in by smart phone, tablet, or computer.

ESL FCU converted its highest volume business members over to the new digital banking system—some through on-site visits with support from Q2—before converting the system for all business accounts, Cleary says.

The credit union is measuring the success of its new platform in terms of positive feedback from business members through a "voice of the customer" system, enrollment for online and mobile services, and a boost in small business checking accounts, he adds.

With a potential market of more than 40,000 small businesses (those with annual revenue under $1 million), "we're looking to build momentum to be the same dominant player in business banking that we are on the consumer side," Cleary says. "When we looked out three to five years, we knew we needed to launch a mobile offering to satisfy those growth plans."

ESL FCU has seen steady growth in business membership since it launched commercial services in 2010. For the year that ended in November, the credit union was the third largest Small Business Administration lender in its region.

> "Fintech isn't the risk. An unwillingness or inability to engage with fintech partners in a strategic way is the risk."

Graham Seel, founder of BankTech Consulting (*www.banktechconsulting.com*), in an article on LinkedIn (*http://tinyurl.com/GSeel*). Seel will lead a CUES Elite Access Virtual Classroom course about innovating with fintech in April (*cues.org/EAFintech*).

The Next Chapter in P2P Payments

Person-to-person payments are not new, but a confluence of factors coming together foreshadow a big opportunity with a new, improved generation of P2P for CUs, explains Deborah Phillips, AAP, managing director of payment strategy at Jack Henry & Associates (*www.jackhenry.com*), Monett, Mo.

In 2017 and beyond, innovations designed to address usability barriers are emerging, providing several options for credit unions to reclaim their P2P leadership and accelerate adoption by exceeding consumer expectations:

- CUES Supplier members Visa and MasterCard provide P2P capabilities that leverage the debit rails to speed transactions, expanding the potential reach of P2P to millions of recipients. Credit unions can also participate in ZelleSM (*www.zellepay.com*), launching later this year. Zelle is an inter-bank P2P solution which promises a ubiquitous network for real-time payments, national brand recognition and an easy-to-use experience.
- Also on the horizon, The Clearing House, a private-sector ACH operator, will be launching a real-time payments system that allows consumers and businesses to send and receive payments instantly, directly from their accounts at financial institutions (*www.theclearinghouse.org/payments/real-time-payments*).

Read the complete article at cues.org/021417p2ppayments.

Also, attend Payments University, brought to you by CUES and CO-OP Financial Services, next month (cues.org/payments).

Letter to the Editor

BOLI Is More Complex Than It Seems

Your recent article regarding business-owned life insurance—or credit union-owned life insurance—caught my eye (*cues.org/0217improve*) for a couple of reasons, both which are concerning to me. BOLI/CUOLI is much more complex than what the insurance/compensation salespeople present and I believe that the boards' and CEOs' comprehension of what they are buying is much more limited than they let on.

I'll share two examples:

• Our CU recently inherited a CUOLI policy as a result of a recent merger. Prior management touted the "much higher than market return" of the policy (approximately 4.5 percent) compared to other available alternatives. This is somewhat similar to the 3 percent quoted within your article, again touting its higher-than-market returns. However, the reality was that the true investment return on the CU's funds was only around 2 percent (on funds that had been committed for as long as 10 years). The difference in return estimate resulted from the fact that the annual increase in the policy's cash surrender value was previously being used to calculate the return. However, a portion of the annual CSV increase was due to the purchase of additional life insurance with the annual dividend. My understanding is that most BOLI/CUOLI true yields are around the 2 percent mark, but CUs may be under the impression that they are earning much more. The life insurance companies earn a nice spread on these funds (as they are long-term holdings), and they are counting on the fact that the vast majority of whole life insurance policies with CSVs are cashed in prior to the death of the insured.

• BOLI/CUOLI insurance policies come in many forms. At times, the insured is the executive receiving the eventual benefit as in a 457(f) plan. However, I have also personally been party to a proposal where CU executives (i.e. VPs) were being asked to sign off on BOLI/CUOLI policies for the benefit of their CEO's 457(f) retirement plan. Such requests by the board and CEO are unconscionable and clearly do not take into account the difficult position executives are placed in. In my instance, I respectfully declined, sharing that I don't make a practice of insuring my life for anyone but my own beneficiaries (especially not to the tune of $3 million-$6 million).

I've seen many ideas float through the credit union industry over the last 27 years. While I don't think that BOLI/CUOLI is necessarily a bad idea, I think that the salesmanship for the product has gone above-and-beyond, making several individuals (salespeople and executives) wealthy in the process ... at the expense of the institutions.

Moritz Wohanka
VP/Finance
Altura Credit Union
Riverside, Calif.

Author's Response

First, it is good to know that someone is reading the articles! Thank you for your comments!

In your first bullet, it sounds like the problem may have been generated from the vendor selling a "retail whole life policy" which carries higher-than-average commissions, lower than average cash surrender value, and higher-than-average death proceeds—causing higher policy expenses. A BOLI/CUOLI is a product sold only to corporations and does not resemble retail "whole life" policies. For example, there are no surrender charges. It sounds like the CU had the right idea of prefunding benefit liabilities but the wrong product and wrong vendor.

My suggestion in the article is for a credit union to consider using the product to increase income for the purpose of offsetting existing human resource expense (thereby increasing net income). Key employee retention (right or wrong) was not the purpose of this article. As with other investments, the CU should understand exactly what it is buying and review several vendors to ensure it is receiving the best value for its members.

By the way, I agree with your position on not assigning life insurance where you receive no benefit. This same suggestion was once made to me, and I also declined.

During my career, I looked for win-win solutions. Implemented properly, I actually used these products to benefit the credit union members, as well as the participating employees. No one was asked to participate who would not receive a benefit. Of course, as with all things, as your experience proves, these products can be abused.

Again, thank you for being a CUES member and thank you for your 27 years of contributions to the CU movement. I hope your tenure with Altura is as rewarding as the 45 years I spent serving members in CUs.

Bill Rissel
Retired CEO
Fort Knox Federal Credit Union
Punta Gorda, Fla.

Insights

"In 1970, 60 percent of the credit that was extended in this country was extended by the traditional financial service providers. Today that number is 20 percent and dropping."

John Oliver in the CUES Podcast Episode 11: Strategy Development (*cues.org/podcast*). Learn more from John at two events this year. Board members should attend CUES Director Strategy Seminar, July 26-28 in San Francisco (*cues.org/dss*) and credit union managers and above should attend CUES School of Applied Strategic Management, May 1-4 in Orlando (*cues.org/sasm*).

Income Sources That Build Goodwill

Two CUs model successful charitable donation accounts and benefits pre-funding strategies.

By Mark Wilson

Two sources of income that many credit union leaders are not yet fully aware of could help them offset potential losses in non-interest income—while at the same time improving relationships with employees, members and their communities as a whole.

Unfortunately, non-interest income isn't likely to become less important for CUs anytime soon, especially with the possibility of slower lending growth after the Federal Reserve Board's return to rate increases.

When it comes to non-interest income, many CU leaders think first of the industry's largest non-interest income source: card interchange fees. According to a July 2016 survey by Callahan & Associates (*www.creditunions.com*), card-related interchange and fee income comprised 42.3 percent of annual non-interest income for the 170 CUs surveyed.

But relying too heavily on interchange could hurt CUs, as the future for this income is uncertain—well, even more uncertain than usual. It's possible that future regulatory changes will ease debit interchange fee caps that affect the largest CUs. But at the same time, more giant retailers are launching their own payment systems to combat interchange fees, which could affect all credit unions that issue cards.

Loan payment protection products are another well-known non-interest income option for CUs. This article will focus on two types of investment programs that can also accomplish this and are relatively new to credit unions: charitable donation accounts and employee benefits pre-funding programs.

CDA Enables Record Library Donation

If your credit union is currently subtracting charitable donations from your operating income, consider CDAs. They generate investment gains to support your gifts to charity via investments that were impermissible for this purpose just a few years ago. In addition, you can channel up to 49 percent of CDA earnings toward your bottom line. (Also read the sidebar on p. 14.)

$4.4 billion Redstone Federal Credit Union (*www.redfcu.org*), Huntsville, Ala., implemented a CDA at the outset of 2016 that generated the seed money for its largest single donation ever: $2.5 million to the Huntsville Library Foundation. Not coincidentally, this is the largest single donation the foundation has ever received.

Redstone FCU President/CEO Joe Newberry, a CUES member, announced the donation at an Aug. 22 ceremony. He remembers how good it felt. "It was the most amazing feeling to do this in this community where I grew up, knowing that we're going to help people that we will probably never know, and it will affect their children's lives and their grandchildren's lives, forever," Newberry says. "It was just a feeling that we were really fulfilling this thing we talk about every day: people helping people."

The initial donation came from earnings on Redstone FCU's CDA, which was launched with the CU's $20 million investment. Although the CDA investment policy is conservative and relatively risk-averse, Newberry says, a very favorable market carried earnings over $1 million in less than five months.

The CU used the earnings to donate $1 million to the library foundation, and committed $1.5 million more over the next five years.

The credit union's name will be prominently displayed permanently as a principal donor in the new branches.

"This donation is a big motivator for our employees, our members and future members," Newberry says. "There's no doubt in my mind that new members signed up—and they've said this to me—because of our dedication to helping the communities we're in."

Newberry points out that Redstone FCU has always been a generous donor to local non-profits, and many of the CU's employees are devoted volunteers for civic causes. The CDA has boosted Redstone FCU's civic commitment.

"This CDA has opened up opportunities we never would have had in a million years if we'd had to take the money out of capital," Newberry says. "When you know you've got the extra capacity, through what the NCUA allows credit unions to do now and what CUNA Mutual helped us set up, you can do wonderful things—bigger than you ever imagined."

Benefits Pre-Funding Program Helps Offset Cost Increases

Leveraging another way to take advantage of NCUA rules that open up access to previously disallowed investments, Redstone FCU set up an employee benefits pre-funding program at the beginning of 2016.

Newberry says that as part of its due diligence on CDAs and employee benefits pre-funding, the credit union checked with other credit unions who are using these tools, including $7.3 billion Randolph-Brooks Federal Credit Union (*www.rbfcu.org*), Live Oak, Texas. (Also read the sidebar on p. 14.)

Randolph-Brooks FCU has had an employee benefits pre-funding program

since 2013. CFO Robert Zearfoss says the program is helping maintain the level of benefits the CU's leadership needs to attract, reward and retain good employees.

"The [cost of the] benefit side of compensation has been rising tremendously, both on the healthcare side of things and because we've been increasing our contributions to the 401(k) over time. The pre-funding program allows us to garner additional revenue to help us pay for those benefits," says Zearfoss, a CUES member.

Zearfoss says the broadened investing options—which the NCUA allowed for benefits pre-funding programs in 2003—have given the credit union more flexibility.

"This allows us to diversify our investment portfolio a little bit more, with some securities or other investments that are not as rate-sensitive, or that correlate with interest rate changes," he says. "This program allows you to invest in stocks as an investment vehicle, and historically over time, stocks have done better than all other investment types. So it gives us more flexibility."

Two Key Implementation Steps

If your credit union is considering a CDA and/or a benefits pre-funding program, plan to take two important steps:

Create a written investment plan. Work with your plan providers, investment managers and board of directors to formalize an investment plan. It should include your risk tolerances, review and approval procedures, and the instruments your investment managers can use. This will not only guide your investment and risk management tactics, but will be important documentation for examiners.

Get regular investment performance updates. Quarterly reviews with your investment managers and plan providers are a good idea. An advantage of CDAs and pre-funding programs is the flexibility to invest in instruments credit unions don't typically use—but that's all the more reason to actively oversee their performance and adjust your portfolio as necessary.

Mark Wilson *is senior executive benefits specialist for CUESolutions provider CUNA Mutual Group* (www.cunamutual.com)*, Madison, Wis. Reach him at* mark.wilson@cunamutual.com. *Learn more about CUESolutions by emailing* kari@cues.org.

Charitable Donation Account and Benefits Pre-Funding Basics

In December 2013, the National Credit Union Administration amended regulations §703 and §721 to allow federal CUs to contribute to charitable donation accounts using previously impermissible investments. Since then, many states have allowed their state-chartered credit unions to do the same.

This means your CU can invest CDA funds in certain corporate bonds, securities, and business-owned life insurance that couldn't be used for that purpose before.

NCUA's CDA rule change gives CUs the flexibility to increase investment earnings while helping to limit risk to their overall financials. The rules also ensure that the majority of earnings are donated to charity. Key requirements for CDAs include: the aggregate annual investment in a CU's CDAs is limited to 5 percent of its net worth; assets in a CDA must be held in a separate custodial account or special-purpose trust; a CU must distribute a minimum of 51 percent of the CDA total returns to charities at least every five years; donations must be to tax-exempt 501(c)(3) charities; and accounting for CDAs must follow GAAP principles.

NCUA also requires that CU boards document their policies relating to CDAs to clearly show how they will adhere to regulations, and to establish their investment strategies and risk tolerances.

A CDA portfolio can be built relatively safely and still potentially yield significantly higher earnings than the CDs and government-backed securities CUs typically invest in. Even a conservative CDA portfolio can make a big difference in a CU's ability to support its chosen charities.

For example, say you invest $1 million for a year in a CDA that earns a 5 percent return (interest + dividends + capital gains) and $1 million in certificate of deposit that earns 1 percent. With your CDA earnings, you can choose to contribute a minimum of $25,500 to charity from the CDA—and retain $24,500 as income—but your contribution from the CD return is a maximum of $10,000. In this scenario, you would also have the option to contribute the entire $50,000 in CDA earnings to charity.

Unlike a CD, however, with a CDA there is risk that your investments will underperform. It's critical to have someone with experience administering CDAs, and experience managing the investments credit unions are allowed to make.

If this sounds familiar, it's because NCUA made a similar change to §701.19 in 2003, allowing similar investments for pre-funding employee benefits obligations.

Common expenses to pre-fund through these programs include premiums for group health, group life, short/long-term disability insurance, 401(k) matching funds and retiree health coverage.

A benefits pre-funding plan does not replace a CU's normal method of paying for employee benefits from its operating capital. These programs simply add another source of potential long-term income to help pay for certain benefit expenses.


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Setting a Pace for Top Performance

Coaching works best for executives with drive to improve. For some, the results are life-changing.

By Charlene Komar Storey

In credit union land, there's a lot of talk about the value of executive coaching. CEOs, aspiring CEOs and whole leadership teams sing their coaches' praises. We talked with several executives and their coaches to look deeper at why coaching has helped many CU leaders get closer to peak performance.

Executive: CUES member Mike Doland, CCE, EVP, $541 million ABNB Federal Credit Union (*www.abnbfcu.org*), Chesapeake, Va.

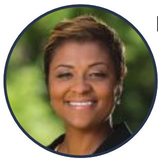
Coach: Rebecca Oeltenbruns, Center for Practical Management (*www.cf-pm.com*), Minster, Ohio

***CU Management*: What is the most important thing you've learned from your coach?** *Doland:* The biggest thing is self-awareness of my communication style. Communication styles affect both how we are perceived and how we perceive—it's a question of perception vs. reality.

***CU Management*: What did that knowledge help you achieve?** *Doland:* It helps me interact with the most effectiveness possible. I have seven direct reports. Naturally, when you have many direct reports, there are some individuals you are more comfortable with, and some less. After coaching, I saw measurable improvement in my communications with those I was less comfortable with.

***CU Management*: What benefits does coaching provide?** *Oeltenbruns:* While classroom experience is good ... there is often a gap in execution unless we work together one-on-one. Coaching is ... a way to further develop top performers to help them reach the next level. It allows you to identify blind spots in high-performing individuals. These are people who are willing to explore ways they can improve. They're willing to get balanced feedback, and willing to have someone observe them.

***CU Management*: What leads people to seek out coaching?** *Oeltenbruns*: Sometimes the company wants the individual to be coached, and sometimes the individual seeks it out. In some cases (as with ABNB FCU), every single individual on the executive team has been coached.



Executive: CUES member Amy D. Thomas, VP/people and culture, $255 million Arlington Community Federal Credit Union (*www.arlingtonvafcu.org*), Arlington, Va.

Coach: Laurie J. Maddalena, CPCC, PHR, Envision Excellence (*www.envisionexcellence.net*), Rockville, Md.

CU Management*: What are the benefits of coaching?** ***Thomas: It was not what I expected. I found it a life-changer (because) coaching allows you to be introspective, to go deep into what you want for yourself (thinking about leadership opportunities) rather than just living day to day. I had an opportunity to work directly with Laurie as part of Arlington Community FCU's Leadership Development Program. Laurie held me accountable—she didn't let me off the hook. If I said I would do something by a certain date, she expected it to be done.

***CU Management*: What is the most important thing you've learned from coaching?** *Thomas*: I learned that you have to answer your own questions. You do the work yourself. The coach is a guide. For women, the challenge is often wanting to be everything to everybody—the credit union, your children, your husband. You have to learn to prioritize, that there are efficient ways to do things and give your best. Every minute means something. I also learned how to build bridges and better communicate within the organization.

***CU Management*: Who responds best and worst to coaching?** *Maddalena*: A person who best responds to coaching is someone who is open to feedback and learning, and wants to constantly improve. The leaders who get the most from coaching are those who are reflective, who take time to prepare for the sessions, and who follow through with the exercises ... we work through during the coaching sessions.... Typically, someone who does not respond well to coaching is someone who is looking for a quick fix, who doesn't put much time and energy into the coaching relationship, who doesn't think he or she has much to learn or does not take feedback well. Someone who doesn't make the coaching a priority will rarely get exceptional results.

Executive: CUES member Ev Hopkins, chief administrative officer, $2.4 billion STCU (*www.stcu.org*), Spokane, Wash.

Coach: Dede Henley, owner/CEO, Henley Leadership Group (*www.henleyleadership.com*), Seattle

***CU Management*: What is the biggest thing you've learned from your coach?** *Hopkins*: That we are often the people who get in our own way the most. This is particularly true for women. We feel we have to be 110 percent ready for a role even before applying for it. We put up obstacles, so we need to challenge whether what we think is really true. You will benefit if you can change the internal chatter. You can discover whether "it" is really true through clear communication with your peers, 360 assessments and other feedback tools.

***CU Management*: What did that help you achieve?** *Hopkins*: It helped me form a different picture of what is possible. Dede is very good at working with female executives in particular. She helped me gain the confidence to take more risks. We start getting a narrative of how other people do the job and make a judgment that we are not capable or that this is the way the job needs to be done. We need to understand that there are multiple ways to fulfill a role successfully. Someone from the outside, such as a coach, can provide an objective perspective and challenge your view of reality.

Having a coach creates accountability. Dede always gives "homework" … read a book, have a crucial conversation, journal about my feelings or create a plan. Knowing that I have to report back creates a sense of urgency to push through any fear.

It also helped me become a more effective leader-coach to others. I've spent a good deal of time coaching internally and mentoring for a local university. Working with a coach myself has helped me gain new skills and learn new approaches.

***CU Management*: What characteristics help people get the most out of being coached?** *Henley*: No. 1 is knowing that it's needed and will make a positive difference. Sometimes they've received negative feedback, but more often coaching is for leaders who are proactive and know they can get even better. For instance, Ev loves learning. She wants to keep learning to get better at her work as a leader and executive.

***CU Management*: How do you start the coaching process?** *Henley*: We begin with an informational interview. What is the client looking for by engaging a coach? Are the coach and client going to be a fit together? Next, we perform a 360-degree leadership assessment. We interview the person's boss, peers, direct reports. We determine the leader's strengths, how efficient they are at communication, leading a team, decision-making and more. Then we present this feedback to the client and create an action plan for change. We determine what the leader needs to work on and how we will measure progress. We get busy with the coaching either face-to-face or via the phone, and we work together for six to 12 months on the action plan.

***CU Management*: Why would an executive seek out a coach?** *Henley*: Coaching is a well-known thing today, and smart executives welcome engaging a coach. The coach doesn't have an agenda, except for helping the executive be the best he or she can be. Coaching is targeted and personalized—not like a classroom with a variety of learning and development needs. Many executives seek coaching to make the jump to the next level of leadership. Often they don't know how to do that on their own. The next level of leadership requires a new and different skill set, and they need skill development to get there. That is what a good coach provides.

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

The Cost of Coaching

Not surprisingly, executive coaching arrangements can be set up in a variety of ways—but the consensus of the people in this article is that it may cost anywhere from $800 to $5,000 a month, depending on many factors.

CUES member Ev Hopkins says coaches may charge by the hour or by the month, and some will have an annual contract that stipulates how often the coach and executive will meet and whether this will be via an online meeting such as Skype, by phone, in person or some combination of these.

"Costs can vary widely based on the expertise, experience and location of the coach," says Hopkins, chief administrative officer for $2.4 billion STCU (*www.stcu.org*) in the Spokane, Wash., area. "Costs usually range from a few to several hundred dollars per hour."

Executive coach Laurie Maddalena, CPCC, PHR, recommends making sure you're comparing apples to apples when looking at executive coaching options. "My package includes two one-hour scheduled sessions a month and unlimited support in between—emails, short calls, etc.," explains Maddalena, founder of Envision Excellence (*www.envisionexcellence.net*), Rockville, Md.

A retainer may also be used, as with Henley Leadership Group (www.henleyleadership.com), Seattle.

"We invoice a monthly retainer, depending on the scope, that can be $1,000 to $5,000 per month per executive," notes Dede Henley, owner/CEO.

And sometimes executive coaching is part of a larger training package for the whole organization.

"We engaged the same firm to do advanced coaching for the coming year at a cost between $10,000 and $15,000 per enrollee," says CUES member Mike Doland, CCE, EVP of $541 million ABNB Federal Credit Union (*www.abnbfcu.org*), Chesapeake, Va. "That includes an in-depth on-site introductory session, bi-weekly individual touch bases, and quarterly face-to-face sessions. The pricing is not exact, as the coaching was bundled with other on-site training and program maintenance activities."

Coaching Through CUES

NextGen Know-How monthly columns by Laurie Maddalena and Leadership Matters monthly columns (*cues.org/cu-management/columns)*

Next Top Credit Union Executive (*www.nexttopcreditunionexec.com*) finalist coaching by CUESolutions provider DDJ Myers (*cues.org/ddjmyers*), Phoenix

Servistar sales and service coaching (*cues.org/servistar)*

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Going Against the Wind

The business acumen of 2016 Distinguished Director Peter Hanelt, CPA, has furthered Patelco CU's extraordinary growth.

By Diane Franklin

Peter G. Hanelt, CPA, set sail with his brother across the South Pacific in the early 1970s. Little did he realize he was creating a metaphor for his life and career.

Hanelt and his crewmates were on board a gorgeous 53-year-old yawl once owned by movie legend Errol Flynn. They were sailing to such exotic locales as Rarotonga, Samoa, Tonga and Fiji. This was years before Hanelt achieved immense success as a turnaround specialist and decades before he assumed the chairmanship at $5.5 billion Patelco Credit Union (*www.patelco.org*) in Pleasanton, Calif. At the time, he was a young military veteran and graduate of West Point looking for adventure. He certainly got that—and then some—when the sailboat encountered Hurricane Bebe off the coast of Fiji.

"It was a pretty exciting experience," says Hanelt, a CUES Director member. "The hurricane came right over the top of us. We were able to pull into a bay. We set out all the anchors and set the motor to go gently against the wind."

Hanelt and the others evacuated to shore. "We looked out the next day, and the boat had been pulled about 200 to 300 yards ... but it came through the storm with very little damage," Hanelt recalls.

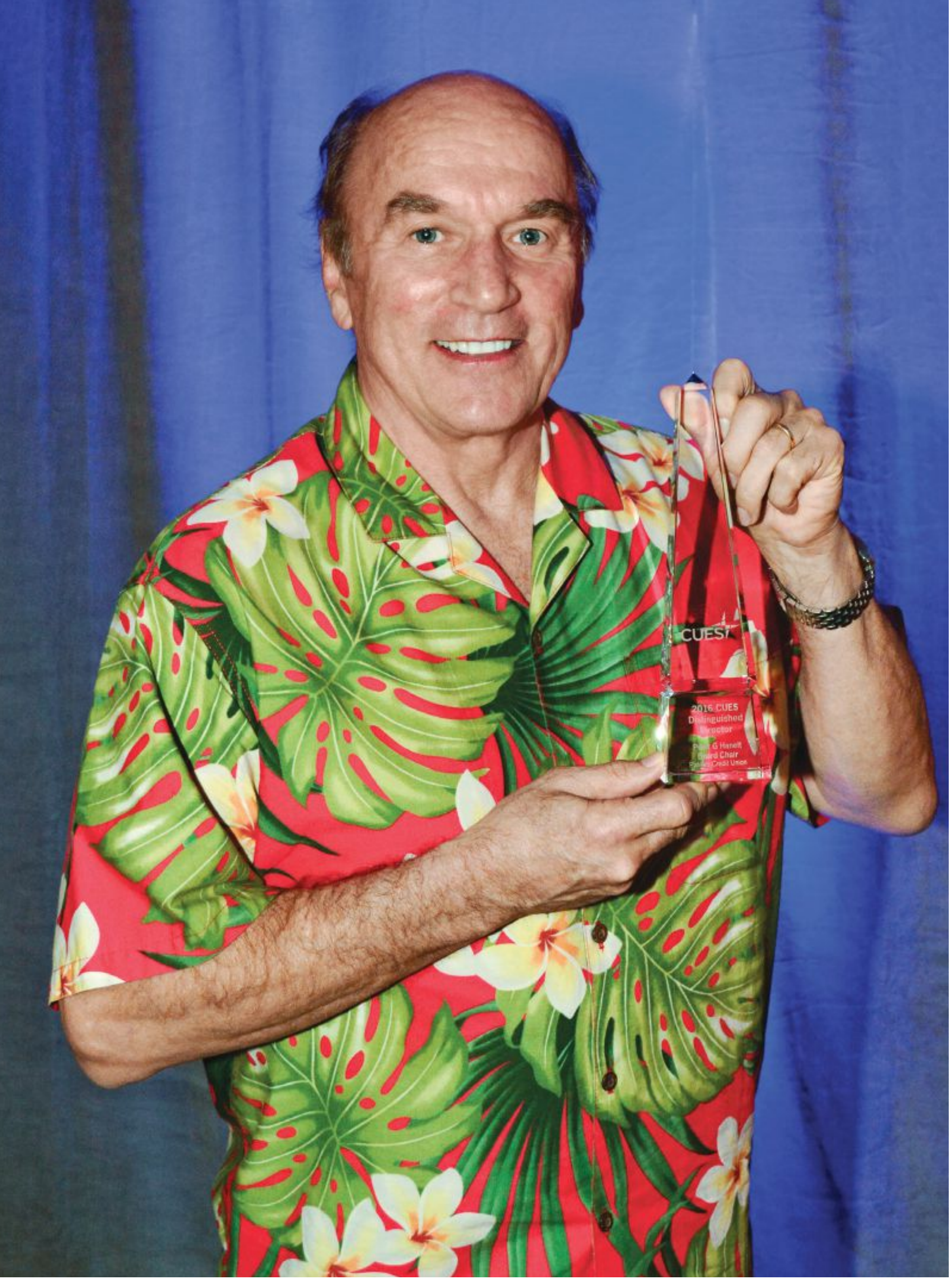
The lesson Hanelt says he learned is: Expect the unexpected. It's a lesson that has held him in good stead throughout his accomplished career, working on turnaround efforts for such high-profile companies as Gucci Accessory Collection and Esprit.

In the years since his South Pacific adventure, Hanelt has excelled by emphasizing decisive action, teamwork, innovation and problem-solving to keep organizations afloat during the business equivalent of hurricane-force winds. He brought this expertise to the chairmanship at Patelco CU, where his exceptional leadership has earned him the honor of 2016 CUES Distinguished Director (*cues.org/recognition*), presented to him in December during CUES' Director Conference (*cues.org/dc*) in Maui, Hawaii.

Recruited by Patelco CU

When he joined the Patelco CU board in 1996, Hanelt had already participated in several major turnarounds. He came onto the board when the CU was led by CEO Ed Callahan, who was National Credit Union Administration chair from 1981-85 during an important period of deregulation for CUs. Under Callahan's leadership, Patelco CU embarked on three decades of dramatic growth that took the organization from $280 million in assets to the $5.5 billion that it has today. Hanelt believes the CU is on track to reach $10 billion by 2021.

In the mid-1990s, however, there was a pause in the CU's growth, precipitated by the disintegration of a planned cooperative merger. In this contentious time, Patelco CU recruited Hanelt to help reconstitute its board and put in place a governance structure that would



better support the organization. The CU went on to consummate four successful mergers in the ensuing years, the largest of which was $400 million.

Hanelt joined the board with a high opinion of the CU's overall direction. "Patelco, I thought, was doing an outstanding job for its members," he says. "It clearly delivered very solid financial returns for members, and members reciprocated it, which allowed it to have this extended period of double-digit growth."

A Varied Career

Hanelt has spent a lifetime building the experiences that have allowed him to be an effective volunteer leader. He graduated from West Point with a degree in civil engineering, then spent four years on active duty and 22 years in the reserves.

In addition to his South Pacific adventure, Hanelt has had other unique experiences such as reforesting a 200-acre redwood track in Northern California with 80,000 redwood seedlings. Today that property is a redwood forest and a private family retreat. He also spent time restoring Victorian homes in Alameda, Calif.

In time, Hanelt earned his MBA from the University of California, Berkeley. He worked as a CPA with Deloitte & Touche before embarking on his career as a turnaround specialist. He did a total of 18 turnarounds in industries ranging from healthcare to hedge funds to high fashion.

Hanelt did his final turnaround in 2004, when he had been serving on the Patelco board of directors for nearly a decade. In 2011, he took on the board chair position.

A major event that took place during Hanelt's term as chair was the hiring of President/CEO Erin Mendez, CCE, a CUES member, in 2013. Hanelt was impressed by one of her comments, which has stuck with him through the years: "When you set high standards for people, it's really another way of saying 'I believe in you.'"

Hanelt takes this statement to heart when leading the board and empowering the Patelco CU management team. "I believe the board of directors has to be the compass for the organization, but it's not enough to point in the right direction," Hanelt says. "You have to help the executive management team raise their eyes above the horizon and see the future. If you can do that as a board, then you're able to meet the executive team on the high ground and achieve great things—not just for the organization, but also for its members."

A Natural CU Fit

As a turnaround specialist, Hanelt uniquely understands why businesses falter.

"Organizations that operate for years and then eventually go out of business are failing their fundamental mission, which is to care for their constituency," he says. "For me, the credit union industry was a natural fit because I've seen the pain that is inflicted in organizations that run up on the rocks or are not doing what they can to build financial strength. The credit union movement ultimately is about looking out for the members' financial wellbeing. Ultimately, it's the perception by the members of whether we're doing the right thing—not what our intent is—that determines whether we'll continue to thrive."

Hanelt stresses the importance of three elements—heart, mind and hand—as the key for achieving success. "You have to have the heart, which is the passion to do something. You have to have the mind, which is the intellect and ability to do it. And you have to have the hand, meaning you have to be actively involved to make a difference. If you can find executives or board members who blend all three of these, you're going to have a winning team."

Hanelt employs those three elements, as well as the accumulation of his life and



In the photo at left, Hanelt and his wife, Mary Ann, attend a 2016 CU4Kids (*www.cu4kids.org*) ball in Dana Point, Calif.; in the center photo, Hanelt is at home with Mary Ann and his sons, Matt (left) and Jeff; and in the photo at right, Hanelt celebrates a big fish with Matt on the McCloud River in Siskiyou County, Northern California.

career experience, to help move Patelco CU forward.

"I'm a CPA, I'm a West Pointer, and I'm a civil engineer," he says. "I feel I have an excellent grasp of the analytical as well as the financial. In my turnaround experience, I was always a hands-on, fully engaged, where's-the-problem-how-do-we-solve-it type of person."

Mendez appreciates the strong and consistent financial guidance that Hanelt has provided. "Pete's leadership has led to the creation of many programs that have helped to better the financial lives of Patelco's members," she says. "His advisement helped develop expense efficiencies, rebuild a strong executive team, improve the governance structure and effectiveness, and he consistently encourages innovation."

"Change is inevitable; growth is optional."
Peter Hanelt, CPA

Embracing Innovation

That latter quality—encouraging innovation—has been a top priority for Hanelt. He even pushed for creation of an innovation budget, which sets money aside to pursue innovation and to send Patelco CU executives to innovation workshops.

"I believe the only way you can survive disruptive innovation is to disrupt your own existing organization," he explains. "You have to do that by investing in innovation itself."

At Patelco CU, that investment includes a multi-million-dollar expenditure on technology. "It's a 100 percent overhaul of our whole technology backbone," Hanelt says. "That includes the core system, mobile banking, our website, member services and our lending program."

The result will be vastly improved service for members, including expedited lending and a more customized experience. "This technology will allow us to innovate on behalf of our members," says Hanelt. "I always tell people 'Change is inevitable, growth is optional.' The price of entry today in the financial services market is operational excellence. You cannot have operational excellence if you do not embrace technology."

While proud to have earned the 2016 CUES Distinguished Director honor, Hanelt views the award as validation of what the CU has achieved in terms of innovation and growth. "This is a cooperative effort that has allowed us to move dramatically forward, and everybody at the credit union has embraced it."

Fellow board member Jeff Parks was on hand when Hanelt received the award. "He is absolutely deserving of that award," says Parks, a CUES Director member.

Having known Hanelt for nearly 50 years, Parks is impressed with the depth of Hanelt's intellect and his business experience. "He applies his business acumen to Patelco with the understanding that credit unions have to compete in an ever-changing marketplace. He does a great job challenging the board and the executive team to embrace innovation."

Another Patelco CU board member, Garick Zillgitt, similarly values Hanelt's vast business experience and his unfailing sense of integrity. "I've worked with Pete ... for 10 years," says Zillgitt. "He has a remarkable business mind as well as a passion, energy and commitment to the credit union ethos. He's in with both feet, supporting the credit union mission and doing what's right for the members."

Bettering Others' Lives

Hanelt and his wife, Mary Ann, have been married for 42 years; together, they have two sons. In his spare time, Hanelt enjoys the great outdoors, whether visiting his redwood retreat or embarking on a fishing trip to Montana. Professionally and personally, he retains a strong interest in helping others better their lives. This is evident not only by his dedication to the Patelco CU board but also by his service on other boards, such as Dignity Health (*www.dignityhealth.org*), one of the nation's largest not-for-profit healthcare organizations.

"I'm focused on making things better for everybody around me, whether it's my family, my extended friendships or my organizations," says Hanelt. "I always like to think each year will bring new and better things and that we'll complete each year in a better place than we were the year before."

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

Awards for Members

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Wave That Flag

As a new political reality takes hold, how can credit unions make their voices heard?

By Jamie Swedberg

A new president took office in January, and the political climate in Washington, D.C., is markedly different than it was before. In the midst of this change, credit unions and their directors are thinking about what the shift will mean for regulations and other important issues. Those who already lobby politicians on behalf of credit unions may wonder whether they should shift gears from tactics used in the past. And CUs that have not historically practiced political advocacy may now want to throw their hats in the ring.

"In some ways, I think [Trump's administration] might be beneficial," muses Scott Butterfield, a consultant at Your Credit Union Partner (*www.yourcreditunionpartner.com*), based in the Seattle area.

"In other ways, I'm concerned. For instance, what's going to happen to immigration? More than one-third of U.S. credit unions have a low-income designation. Within that group, there is a rapidly growing number of credit unions that serve the Latino market. So on one hand, there are things to be hopeful for, and on the other hand, I don't know how that's going to play out."

A Time for Good Messaging

Butterfield believes it's too soon to say definitively that the change in top federal government will be a net benefit for credit unions. Many people are hoping that it will be, he says—but more than anything, it's an opportunity for credit unions to think about the message they take to lawmakers.

"I think that the message of serving the working class helped push him over the top," he says. "That's what Trump ran on. So if we want to catch their ear, I don't think it's going to be about better service or better pricing. We need to get across the message that we work hard to serve the working class. I think it's our biggest differentiator.

"The banks can't say that one-third of all banks are designated to serve low- to moderate-income customers; only credit unions can say that," Butterfield adds.

That message, he says, can be used to advocate for such issues as regulatory relief and continued tax-exempt status. The script for talking with law- and policymakers goes something like this: "If we have to devote extra resources to compliance, we won't have the time, money or personnel to help their members."

Give and Take

Every credit union has its own advocacy agenda. The question is, what can the board do to help get the message across? How can directors encourage the CU's employees and members to engage in the political process?

A simple strategy is for board members and staff to travel to state capitals and Washington, D.C. Directors at $2.4 billion STCU (*www.stcu.org*), based in the Spokane, Wash., area, have been doing this for years.

"STCU board members have historically been eager to advocate for the value of credit unions to our members and to our communities," says Vice Chair Dolores Humiston. The board of STCU belongs to the Center for Credit Union Board Excellence (*cues.org/ccube*). "We have joined [credit union] staff in our state capital and in Washington, D.C., over the years and have participated with members in making sure our state representative and senators understand how our members make up a large stakeholder group. The board has joined others in our state as we've shared concerns about taxation of credit unions and excessive regulation, as well as advocating for expanding opportunities for member business lending."

It was the Credit Union National Association's (*www.cuna.org*) Governmental Affairs Conference that lit the fire of credit union advocacy in STCU President/CEO Tom Johnson nearly a decade ago.

"I've been around the credit union for 20-plus years, and the first 12 of those I was on the board," recalls the CUES member. "Ten years ago, I came to work for the credit union. In my early days as an employee, I was invited by the then-CEO to join him in attending a Governmental Affairs Conference in Washington, D.C. I was very struck by the power that was present when you have five or six thousand credit union advocates all in one place at one time, and I realized what a significant event and opportunity that was for staff and volunteers to get engaged in advocacy at the federal level.

"My boss always told me that the best thing is when they can call you by your first name, because they know you and they know you're with a credit union," Johnson says.

"When they've got a question about an issue or a bill that they're looking at, they know to come to you, and that's the greatest compliment you can have in terms of being an advocate for the industry. That takes repeatedly being with them so that they get to know who you are—not just always being there with your tin cup out, but also being supportive when they need support, too, because they do. It's attending their events and inviting them to participate in events that we might be doing, and being supportive."

By and For the People

In the summer of 2012, several ATMs belonging to $1.1 billion Credit Union ONE (*www.cuone.org*), Ferndale, Mich., had skimming devices placed on them, resulting in losses of more than $90,000. The CU reimbursed its members and took the loss.

In the wake of the thefts, Stephen Dedene, VP/compliance and risk at the credit union, discovered there were no Michigan state laws against ATM skimming. He reached out to Michigan lawmakers and energized them, and in December 2013, Michigan Governor Rick Snyder signed a package of anti-skimming bills into law.

The incident made activists out of the Credit Union ONE board and staff. Dedene points out that it's not just the organization's leadership, either.

"I think it's important for all institutions that they find a way to engage, somehow, all of their employees from the top down," he says. "Advocacy is not just at the executive level. It really

Turn Up the Volume

Stephen Dedene, VP/compliance and risk at $1.1 billion Credit Union ONE (*www.cuone.org*), Ferndale, Mich., says visiting legislators in person is almost always the most effective way to bring about change. "I think it's effective having direct contact with them, whether it's through staffers or the lawmakers themselves," he says. "It can involve writing letters to them on a regular basis, or calling their office."

But aside from actually descending en masse onto Capitol Hill and the state capitol grounds, what are the most effective ways credit unions can get their message to lawmakers? Our sources offer a few ideas.

1. If you believe in them, lend a hand. "At different times, [politicians] may have different needs," says STCU President/CEO Tom Johnson, a CUES member. "Sometimes they want to get a small group of supporters together to raise some money for their campaign, so being alert and willing to participate in that is helpful. Also, we have not done this here, but I know of other credit union executives in the state of Washington who have hosted evening receptions or events to raise funds for state legislators."

2. Work with state credit union leagues. Dedene says he initially brought up the ATM skimming incident his credit union experienced with the Michigan Credit Union League. He then traveled to visit three lawmakers with representatives of the league. When you're trying to effect change, it helps to have backup.

3. Personalize your message. Several years ago, CUNA asked CUs to let legislators know that their members were opposed to credit unions being taxed. Johnson decided to go one better: STCU and about 15 other Washington CUs collected more than 7,500 signatures and showed up in Spokane to drop the binders on their congresswoman's desk.

"It was specific to Spokane, and it was specific to her, to make sure she understood the people loved their credit unions and she should be very thoughtful about how she approaches the issue," he explains. "She started leafing through the pages, and she saw page after page after page after page of signatures. It was one of those kind of light-bulb experiences where once in a while you're able to get through to someone."

4. Designate a point person. Dedene says every advocacy effort should be driven by one go-to employee. "I would gauge interest from internal staff to see who may have a passion for advocacy and credit union issues, and designate that individual as advocacy leader for the credit union. In order to do it well, I think somebody has to have passion about it."

5. Do your homework. Johnson says if you want to be seen as a trusted source for financial industry wisdom, you need to be ready for your legislators' questions. "We try to study up on the issues before we go to make our calls at either GAC or in Olympia, and make sure we're in tune with what issues they're going to be dealing with," he says. "That way, we can give them helpful background information."

takes an entire organization to effectively advocate."

The credit union has implemented an internal advocacy program, enlisting employees to send letters to their lawmakers, creating an internal advocacy site for the staff to organize on, and encouraging political action committee fundraising for its state and federal political action committee. A software program—CapWiz from CQ Roll Call (*www.cqrollcall.com*)—allows the credit union to pre-generate letters on specific issues, then sends them out as templates for staff to use.

"As issues come up and develop, we communicate that information to our employees," Dedene says. "We make sure we explain how the issue that we're talking about relates to their job and how it impacts the members."

The newly minted Trump administration styles itself as a populist movement. It's possible, then, that CUs' people-helping-people populism may resonate with politicians at the state and federal level today. Credit union boards can help bring about favorable legislative change by mobilizing staff and employees for the good of the movement as a whole.

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

More on Advocacy

Speaking Out for CUs (*cues.org/0315speakingforcus*)

The Icing on the Cake: Data is a key topping when showing policy-makers why CUs matter (*cues.org/0316icing*)

Educate Those Who Legislate *(cues.org/0313educate)*

Chief Executive, Chief Advocate *(cues.org/0314advocate)*

Advocacy section on Center for Credit Union Board Excellence website (*cues.org/ccube*)

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No Surprises

Ferret out hidden merger costs and set realistic expense and time estimates.

By Karen Bankston

Beneath the prospects of a merger—to serve more members with a wider array of products and services, realize greater economies of scale and improve financial performance—lurk the costs of attaining those opportunities.

Even the most obvious expenses can multiply without careful planning and prompt execution, merger veterans caution, and other costs may escape notice altogether without an exhaustive inventory.

The largest direct costs in a merger are typically cancellation fees on data processing and other service contracts, says Stephen G. Morrissette, adjunct associate professor of strategic management with the University of Chicago's Booth School of Business (*www.chicagobooth.edu*) and lead faculty for CUES' Mergers and Acquisitions Institute (*cues.org/mai*). The fee for early termination on a core processing contract could amount to $25,000 per month for up to 24 months. (If both CUs use the same core, they can usually negotiate a reduced termination fee or perhaps negotiate no termination fee.)

Other significant direct costs commonly include:

- rebranding, including the costs for changing signs and stationery and reprinting checks, deposit slips and anything else that bears the merging CU's name. Those costs can be especially steep when the continuing CU unveils a new name and brand (see sidebar).
- people-related costs, including severance payments to employees whose jobs are eliminated in the merger. "This is often not a big number in credit union mergers, because credit unions tend to work hard to find a place for all employees" who want to continue to work for the continuing organization, Morrissette says.
- legal, accounting and advisory fees for completing due diligence, filling out required regulatory forms, and consulting on the integration of systems and operations.

Managing Man-Hours

The continuing credit union should be monitoring staff and other internal outlays as well as the costs related to incoming members, systems and infrastructure. Systems and operational integration can be complex and costly, and managers and staff from IT, finance and branch operations will need to be involved along the way, says Michael Bell, attorney with Howard & Howard (*www.howardandhoward.com*), Royal Oak, Mich.

"Costs with a dollar sign are easy to see, but the costs of internal manpower and time often weigh heavily and are easily forgotten," Bell says. "When your IT staff needs to dedicate

40 man-hours to a conversion, there's a real cost to that. It can't always be quantified, but it needs to be understood."

"Management and staff have day jobs. And when a merger comes along, they have their day jobs, plus the merger. You need to work to control that time suck," he advises. "Mergers don't happen overnight. Negotiations and implementation can take months. Some credit unions even find themselves working on more than one merger at a time," which increases the urgency of managing staff time.

Call in Experts

"There are strategies to speed up and/or make integration more efficient and to apply in negotiations that will help save money," Bell says. "If your credit union lacks experience in some elements of merger negotiations and implementation, you can swim against the tide much longer than you need to, which can add to costs.

"Good advisors deliver more value than their cost because that's how they stay in business," he adds. "Even in a simple merger, there is value in the relative cost of hiring good advisors and consultants in the efficiencies you can gain."

Morrissette agrees: "Your goal should be to eliminate surprises. Look for someone who can draw on a compendium of mistakes they've made in the past, someone with four or more rounds of learning."

More in-depth investigations will be conducted during the due diligence phase. "You may send your IT team in (to the merger partner's location) and discover that all their computers are on an old version of Windows so you'll need to upgrade all those PCs," Morrissette says. "HR may find some substantial differences in benefits. Someone needs to be counting all the signs that need to be replaced. Replacing phone systems can cost up to $1,000 per employee. Each credit union has to do the homework and quantify the costs of those differences."

Bell works with about 200 CUs. A few times a year, their executives will look at a potential merger and back away due to "the sliding scale of costs versus benefits." There is no typical break-even point for merger costs and returns, but Bell uses a comparison to another big-ticket venture: "If a credit union were to go out and invest in building a new branch, equip it and fill it with members, the industry standard is that it will take five to seven years to break even there," he notes. "I tend to use that as my ceiling when advising clients."

However, strategic considerations could justify a longer-term investment. Getting the jump on a competitor could tip the scale toward a merger with a larger price tag, as could an opportunity to move into a growing market. "If we want to be in that area, a merger might be one of the few ways to get there," Bell says.

Decisive Leadership Needed

During the due diligence process, the merger team should identify all costs, calculate realistic estimates of their magnitude, and aim for a doable schedule for integrating and converting systems and processes. If your team estimates that it will take two months to switch over to a new system and you're still working on the conversion six month later, that means four months of unexpected bills have piled up.

Cost control "usually comes down to leadership," Morrissette maintains. "Costs often go out of control because we delay making decisions or have a hard time doing the hard things. Leaders may delay decisions on IT changes or keep

Cost, Complexity May Be Steeper in Mergers of Equals

When credit unions of near-equal size combine forces, the aim is to realize significant economies of scale while controlling, as much as possible, merger-related costs that could wipe out those gains. 4Front Credit Union accomplished that goal through careful planning and guidance from seasoned advisors, says CEO David Leusink, a CUES member.

The $459 million Traverse City, Mich., credit union (*www.4frontcu.com*) serving 68,000 members was formed in January 2015 through the merger of Members Credit Union and Bay Winds Federal Credit Union, two thriving financial institutions looking to fend off market and regulatory pressures and improve product and service offerings by doubling in size.

"We use the word 'partnership' a lot" to emphasize that synergy, Leusink says. On the other hand, a merger of near-equals, no matter how like-minded they may be, poses the potential for additional costs that might not be as significant when a smaller organization merges into a larger continuing credit union.

Contract termination fees to part ways with core and card processing vendors were the biggest direct merger costs, but those expenses may be largely offset over time, he says. The seven-year agreement 4Front CU signed for credit card processing, for example, is expected to trim $10.3 million from what the merging credit unions would have paid separately over that time.

Working with a marketing company to develop a new name and brand for the continuing credit union was another major expense, but "the value of this paid consultant well outweighed the cost of engagement," Leusink suggests. "You can save money on new signs, letterhead and business cards, but if you are introducing a new brand in the process—a once-in-a-lifetime investment—dream big."

The CUs also hired consultants from CPA firm Doeren Mayhew (*www.doeren.com*), Troy, Mich., to reconcile finances and pursue field of membership expansion. They worked with other specialists to negotiate contracts, consolidate phone systems and open a contact center. "Without their advice, we would have grossly understaffed our contact center," Leusink notes. In all of these areas, "experienced consultants helped us lay out expectations and get it right the first time."

In other areas, the merger allowed the continuing credit union to move in new directions. For example, "neither credit union had a mobile banking platform that we were pleased with or proud of, but through this partnership, we were able to work out a better cost per member for a new mobile service," he says.

Under-the Radar Merger Costs

Stephen G. Morrissette, adjunct associate professor of strategic management with the University of Chicago's Booth School of Business (*www.chicagobooth.edu*) and lead faculty for CUES' Mergers and Acquisitions Institute (*cues.org/mai*), identifies direct costs that may be overlooked or underestimated in merger planning:

Fringe benefits. The magnitude of changes in employee benefit costs may vary widely, depending on which plans the continuing credit union offers to all staff. In selecting which benefits to adopt going forward, the credit union may choose to provide the health care plan with more generous benefits, for example, or a vacation and sick leave policy that offers more paid time off.

Member loss. The rate of members closing their accounts because of a merger can be hard to predict but represents a potentially significant loss of income. It could be 3 percent, 5 percent or even 10 percent of the membership of the merging credit union—or higher if there's a big overlap in membership. "If members have substantial deposit accounts with both credit unions, they might need to leave because of deposit insurance limits," Morrissette notes.

Deposit rate, loan rate and fee changes. Smaller credit unions typically charge higher loan rates than larger institutions, so when the loans to members of a smaller merging credit union renew, they will do so at a lower rate. The same dynamic is true in reverse for deposits: Members of a smaller merging credit union may see their deposit rates increase, which represents added expense for the continuing credit union.

"Lower loan rates and higher deposit rates are well-documented benefits of mergers to members, but they hurt the profitability of the credit union, so the continuing credit union might need to factor in lower revenue and higher interest expenses," he says.

Applying new fee schedules will also affect income. If one credit union charges $28 overdraft fees and the other charges $25, that fee income will either decrease or increase following the merger. "No two credit unions charge exactly the same fees, so you have to watch for those differences," Morrissette advises.

Productivity and morale. Changes in employee output during and immediately following a merger are not unexpected but can be difficult to quantify.

Financial reporting differences. When any two businesses merge, under accounting rules such as Rule 141R (*www.fasb.org/pdf/fas141r.pdf*), financial statements and ratio calculations may change. "At the end of the day, those reporting issues could affect the finances you report to regulators," Morrissette says.

people on the payroll for too long. Being decisive is part of being a leader.

"You may have to change your mind occasionally. Circumstances change. That's to be expected. But for lack of a more technical term, not having the guts to make a decision is different," he adds.

One gateway for cost control comes well before due diligence. "If a credit union is anticipating a merger, they should be watching their contracts and understand the terms," Morrissette says.

The specter of a $1 million contract termination fee can be reason enough to walk away from a potential merger. On the other hand, Morrissette says, the most common factors that derail prospective mergers involve "people issues around executives, boards and fields of membership" not costs.

For example, such an executive/board issue might be a failure to agree on who will serve as CEO of the continuing credit union. Such a field of membership issue could happen with two CUs with distinct membership—say a police and a firefighter credit union: The executives might see it as a good idea, but directors, on behalf of their members, might see the two groups as distinct entities and back away from the merger proposal.

Other Considerations

In the past, many mergers happened because of CUs in financial trouble, he notes. "Now we're seeing more cases where smaller credit unions realize they need to merge to serve their members better."

And those concerns are not just about better electronic and mobile banking services. "Cyber-criminals used to go after big banks because that's where the money is. But now they're realizing that smaller credit unions may not have the money to provide good cybersecurity, and so they've become bigger targets. Those smaller credit unions are saying, 'We can't take care of our members the way we want to.'"

Ensuring confidentiality in gathering preliminary information on merger costs is essential, says CUES member David Leusink, CEO of $459 million 4Front Credit Union (*www.4frontcu.com*), Traverse City, Mich.

"Long before the staff is aware that you are opening merger discussions, you may need to gather preliminary quotes for contract termination," he notes. "Confidentiality agreements with your vendors are important when gathering these facts. Reputation risk is real, and it's best to keep confidential discussions out of the public arena."

When 4Front CU was formed through the merger of two near-equal organizations (see sidebar), the opportunities to improve operations were considered alongside cost factors. Executives for both credit unions explored alternatives to existing systems and processes with an eye toward improving service delivery and cost efficiency.

"We could quickly see that our enhanced position to negotiate better benefits for members opened a lot of doors," Leusink says. "But we also realized the answer to the question 'Why are we doing things this way now?' was frequently 'Because we've always done it this way.'"

Karen Bankston is a long-time contributor to *Credit Union Management. She is the proprietor of Precision Prose, Portland, Ore.*

More on Mergers

Mergers as a Discipline (*cues.org/1116mergers*)

Lowering Merger Hurdles (*cues.org/0616mergerhurdles*)

Executive Compensation Post-Merger (*cues.org/0616executivecomp*)

Mergers and Acquisitions Institute (*cues.org/mai*)

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Wading Through Disaster

Here's how 3 CUs effectively coped with recent extreme weather events.

By Bob Jacobson

2016 was a bad year for natural disasters. According to a report from the global reinsurance firm Munich Re (*www.munichre.com*), North America was hit by 160 disaster loss events last year, the most since 1980. We talked with three U.S. credit unions about how they dealt with the impact of two of the most serious weather events of 2016: Hurricane Matthew and the flood in Louisiana. Read about two on these pages and the third—State Employees' Credit Union, Raleigh, N.C.—at *cues.org/0217allocation*.

Learning From the Past

CUES member Dave Hill started his job as VP/technology at $581 million Community Credit Union of Florida (*www.ccuflorida.org*), Rockledge, in 2004. That happens to be the year central Florida was pounded by three hurricanes in six weeks. So when it became clear that Hurricane Matthew was headed their way this past October, he had a pretty good idea of what to expect.

"When I started here, there was a disaster recovery plan, but it was pretty basic," Hill says. "2004 was an eye-opener for us. Once you have something like that happen, I think you take a different perspective. We saw how critical it was for the organization to have a comprehensive, workable plan."

Hill, who oversees facilities in addition to IT, e-commerce, and credit and debit cards, says he started watching the storm when it was still pretty far out. That gave him time to batten down Community CU's seven branches. Three occupy rented space, so there were limits to the physical preparations he could make at those locations. The other four were boarded up at least a few days ahead of Matthew's arrival.

Much has changed since the hurricanes of 2004, and those changes have made it easier to prepare for weather disasters. For one thing, Community CU has become more proactive about its disaster planning.

Now every year, a business impact analysis examines every process—such as the retrieval of important files—and sets recovery points and times for each of them, considering any technology or other changes since the previous year. The team also runs periodic drills to make sure staff can carry out the plan smoothly.

The other significant changes are technological. For example, Community CU keeps its data out of harm's way.

"The biggie is our core processor," Hill says. "In 2013, we went to a hosted model" so now the core system resides in another state. This means Hill doesn't have to worry about data loss due to the hurricane and also that the CU can stay online during a storm.

The CU also has its non-core-related servers mirrored about 40 miles south of its main site, "ready to be failed over into," Hill says. "If our site goes down, we can recover in minutes now instead of days."

As a result, technology preparations for Matthew were fairly painless. "We have two data centers that we maintain, and then we have a third in Marietta, Georgia," Hill explains. "The two here are basically hot all the time (the third is on standby), so in preparation, we just go through and make sure everything is backed up and ready for a fail-over. That's pretty much it."

One thing the CU had learned from 2004 is that members want cash when a hurricane is coming, so they were prepared for the rush on ATMs as Matthew approached.

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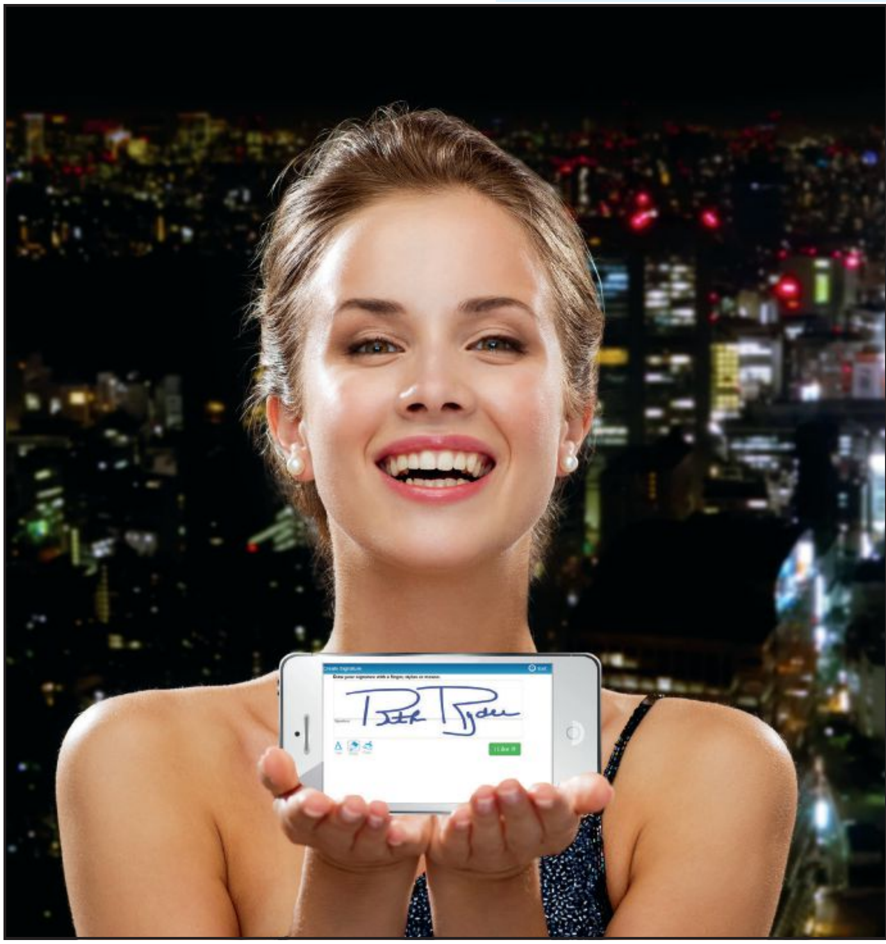

thousand miles away in Chicago, members were able to conduct most business without a hitch in spite of all branch offices being closed for a couple of days. Online, mobile and telephone banking were functional throughout, as was the entire ATM network.

"All I did here was wrap our disc-based backup system in plastic and put it in the vault before we closed down, just in case, and honestly I probably didn't even need to do that (because the data on it is copied off site in real time)."

Another benefit of a comprehensive, well-rehearsed preparation routine was that there were few surprises after the storm.

"The fact that we were online through it all made the impact on our own operations minimal," Hill says. "We had a few facility issues, like an awning blew off, but nothing bigger than that."

Community CU also offered help to those in need of funds to address damage from the storm.

"We ran a small-dollar, low-interest hurricane recovery loan to help people with minor repairs, like putting up a new fence," Hill notes. "We have offered it in the past, so ... it was ready ahead of time."

Looking ahead, Hill believes an area to continue to improve on is communication. "Just getting the word out to people that we are online, and we're not planning any real downtime."

Overcoming Logistical Challenges

When you're in the path of a hurricane, you can see it coming days in advance and prepare for its impact ahead of time. The flooding that Baton Rouge, La., experienced in August 2016 was a different matter entirely. It wasn't a hurricane, and nobody predicted that they would receive 32 inches of rain in a 36-hour period. Most of the country had no idea that Baton Rouge was dealing with the worst weather disaster in the United States since Hurricane Sandy in 2012. So Neighbors Federal Credit Union President/CEO Steve Webb and his team had no opportunity to prepare for the mayhem the rain and ensuing floods would inflict on the CU, its members and the community.

"The event began on Friday, August 12, and we were in the office; everybody was at work as usual," says Webb, a CUES member. "At some point that morning, it became fairly obvious that we were dealing with something out of the ordinary." As the flooding worsened through the day and some major thoroughfares became impassable, Neighbors FCU closed at 1 p.m. to ensure employees could get home safely.

Thousands of residents went to bed Friday night thinking the worst was over, only to wake up to a foot or two of water and no escape route. "What really caught most people off guard was how quickly the water rose," Webb says. "They did not have an opportunity to save personal belongings or buy supplies to pack up and leave. I've talked to a number of people who were literally rescued out of their homes by boats."

For Webb and Neighbors FCU, the biggest challenges created by the flooding had nothing to do with operations. The CU never lost power nor access to its computer systems. Only one of the $811 million CU's nine locations flooded. Online banking, mobile banking and contact centers were all fully functional throughout the flood. The biggest problem was manpower; a lot of employees simply couldn't get to work through all that water.

Neighbors FCU did not open the Monday after the flood. On Tuesday, with about a third of the staff still unable to get to work, CU leaders decided to fully staff as many locations as they could—four—instead of all nine locations. The remaining offices were opened over the next two weeks.

A big challenge during the peak of the crisis was communication. "Obviously we can't sit around and call a couple hundred individuals," Webb says. "So it was making sure employees knew how to get the information they needed, whether on a Facebook page or a phone number they could call."

Once the whole staff was back to work, a new and somewhat unexpected challenge emerged. Neighbors FCU is a major automobile lender in its market, and many of the cars that were purchased with those loans were lost to the flood. As a result, the CU was overwhelmed with millions of dollars in payoffs to post from borrowers receiving insurance settlements. Meanwhile, staff was also swamped with nearly double the usual volume of new auto loans to process in September and October.

"I really have to commend our marketing team for using our website (*www.neighborsfcu.org*), social media and other channels to let members know what services were available, what branches were open when, and making sure they were aware of the resources that were available, whether through us, FEMA (Federal Emergency Management Agency) or the Small Business Administration."

Because Baton Rouge isn't especially flood-prone, the owners of about two-thirds of the properties affected by the flooding did not have flood insurance. Webb says there has been significant demand for home repair loans.

> "What really caught most people off guard was how quickly the water rose."
>
> Steve Webb

The CU couldn't make a lot of mortgage loans to affected members "because you can't get a true appraised value of the property," Webb notes. "So we ... increased the amount of unsecured debt we would allow members to have.

"And we really encouraged our members to have a short-term plan in place to begin repairs right away, but then sit down with us and devise a strategy for taking those debts—like unsecured loans, credit card debt, SBA loans—and restructuring them at a manageable interest rate ... so that it's the best situation for you long term."

Bob Jacobson *is a freelance writer and editor (*www.bobswritingcompany.com*) based in Wisconsin.*

Disaster Recovery Resources

Effective Resource Allocation Eases Recovery (*cues.org/0217allocation)*

Confronting Crisis: The credit union board's role when disaster strikes (*cues.org/0616crisis)*

Tech Time: Create a Data Disaster Recovery Plan (*cues.org/0616techtime)*

Cornerstone Advisors strategic risk services *(cues.org/cornerstone)*

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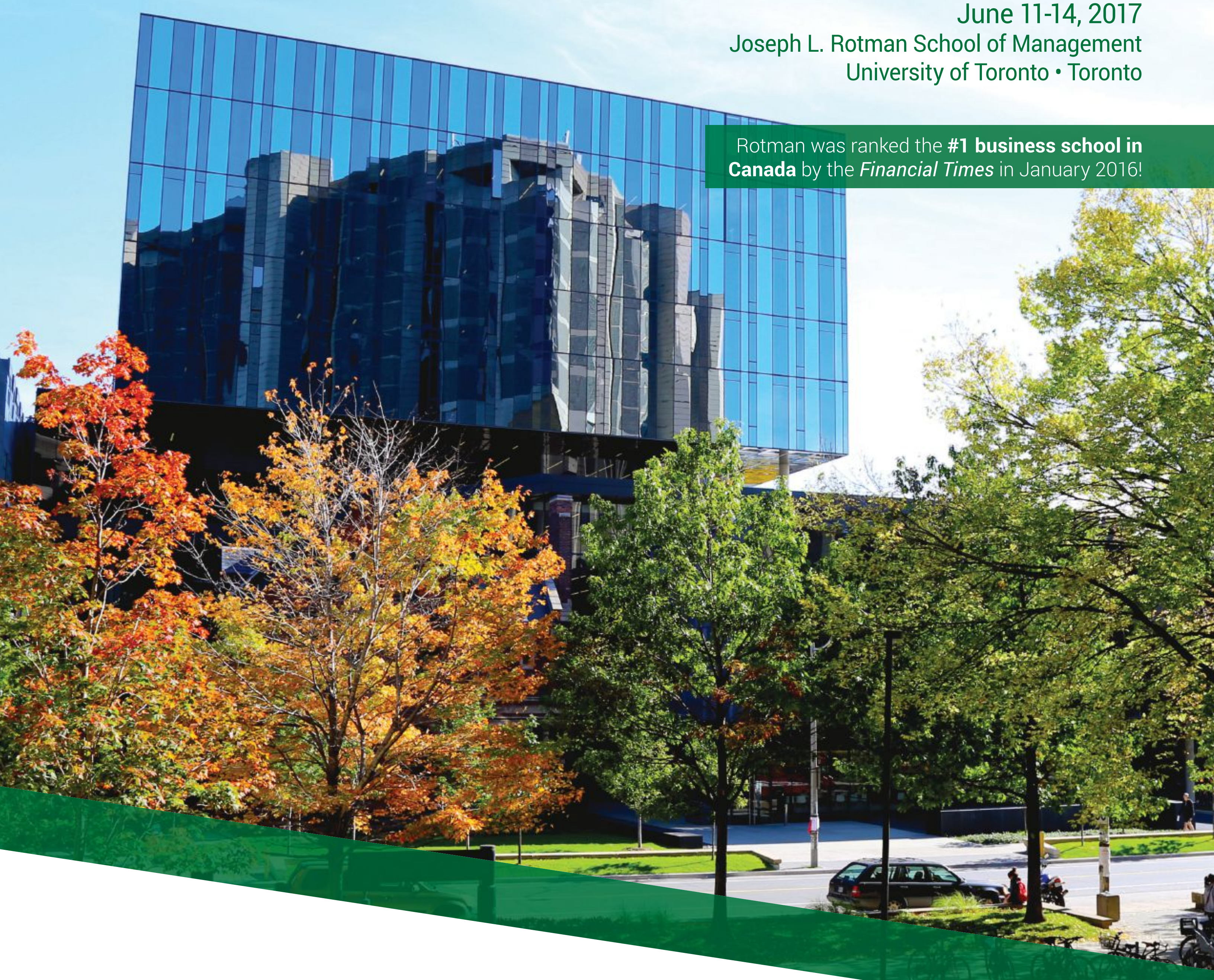

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360° Marketing

Omnichannel delivery strives to delight members across every channel, regardless of the point in time. It's working, but still a work in progress.

By Stephanie Schwenn Sebring

There's no lack of interpretations when it comes to omnichannel marketing. Some consider it similar to or even synonymous with multi- or cross-channel marketing. Others see it as delivering a seamless customer experience regardless of *and* across all channels.

Understanding the omnichannel experience is as important as the ability to execute it. But don't confuse the means with the end.

What's the goal? "For there to be no difference in the interaction or response to that interaction by channel or device, whether done in-branch, by phone, online or with a mobile device," says Jon Moran, director of product marketing for Earnix (*www.earnix.com*), Westport, Conn. "In a perfect world, omnichannel marketing encompasses a consistent offer in *every* channel, with the customer in control of the experience." The challenge, however, is becoming adept at managing these channels for a seamless transaction.

"The traditional branch, I think we could all agree, is going away," continues Moran. "So it's up to the CU to ensure promotions are taking place consistently and instantaneously across all channels, and that members can move easily across channels—no matter how an offer is made."

Is technology making the process seamless? "Not yet," says Moran, "considering the average CU has one or more systems that are legacy in nature and often hinder infrastructure integration. Furthermore, many are simply too antiquated to meet a CU's changing needs."

Madeline Anderson-Balmer, marketing manager for $520 million MIT Federal Credit Union (*www.mitfcu.org*), Cambridge, Mass., submits that experiences do vary for members and sometimes quite dramatically. "Perhaps you have a web banner that implements a single click for a member to apply for a loan or open an account. That provides a seamless experience. But what happens with your direct mail offer? Does it require the member to go to your website or make a phone call? That isn't seamless. Also, what happens during a branch visit? Branch-to-branch experiences can vary as well."

Providing a consistent experience *is* the challenge. So, how can you, or any CU, overcome the barriers?

Craft a Plan

Without concrete objectives and a well-planned strategy, no CU can thrive in an omnichannel environment. "The most successful are taking a measured, pragmatic approach to their omnichannel goals," says Ryan Myers, a director at CUES Supplier member and strategic partner Cornerstone Advisors, Inc. (*www.crnrstone.com*), Scottsdale, Ariz. "Rather than focusing on a single solution, they're seeking to remove the friction via integration, so data is more readily shared between channels."

Don't be deceived; the answer is not in buying additional software that may or may not communicate with other systems or the core.

"The biggest hurdle is maintaining a *seamless experience* once a member decides to take action on an offer," says Myers. "Therefore, pinpointing current and future technology needs and determining which applications and resources will meet them is critical."

Myers recommends using a three- to five-year roadmap to define your CU's omnichannel strategy—a plan that envisions how the various systems will co-exist to offer a consistent member experience. "Vet potential vendors to ensure they have the right tools and eliminate those who don't meet future integration needs. Focus on vendors who can fill interim gaps as well as meet long-term goals," says Myers. "It's up to you (the CU) to manage the integration process by pushing vendors to deliver because many won't have enough incentive to do so on their own."

CUs will find value in implementing such product-specific solutions as online account opening tools and customer relationship management systems. But using them effectively is not so simple as plug and play.

"Product-specific solutions are significant because they help you to align technologies with member needs right away," clarifies Myers. "For example, you can acquire a platform that quickly resolves cross-channel needs for loan origination or account opening. The key, however, is to focus on its integration with other critical systems using the same data.

"Online loan application and funding tools have also come a long way in omnichannel maturity, particularly mortgage applications, while online account opening tools continue to make great strides," continues Myers. "Still, don't rely solely on vendor-defined solutions. Set a strategy for implementing multiple vendors; find the right fit for point-specific solutions, and align your resources accordingly."

Staffing Will Adjust to Meet New Demands

Omnichannel marketing will move staffing beyond the norm, requiring a blend of talent versed in various technologies—including additional IT expertise to manage the data and marketers who can execute and analyze different campaigns.

Rajesh Patil, VP/financial services and fintech for Helios and Matheson Analytics Inc. (*www.hmny.com*), New York, believes most CUs will move away from traditional staffing models and foresees an increased demand for data scientists and analysts. "Ideally, CUs will transform their staff from a transactional to a relationship mindset by empowering them with data-driven, intelligent insights about the members they serve," he says.

"These individuals will also need to grasp how members move across various channels and the technologies that join them together," adds says Jon Moran, director of product marketing for Earnix (*www.earnix.com*), Westport, Conn.

Brett Wooden, chief retail officer for $160 million Providence Federal Credit Union (*www.providencecu.org*), Portland, Ore., expects CUs to redefine or add the role of an e-commerce manager, noting "the most sought-after staff will be the ones who are well-versed and can write in all of the digital channels."

Predictably, salaries for key talent will be on the rise. As reported in *The Content Strategist* (*http://tinyurl.com/contentsalaries*), and based on a study by The Creative Group, a Robert Half Company (*www.roberthalf.com/creativegroup),* content strategists are expected to earn between $81,000 and $115,000 in 2017—a 5.4 percent increase from 2016; and data scientists between $116,000 and $163,500—a 6.4 percent increase. The piece reiterates the need for nimble talent, with content marketers possessing a blend of SEO, HTML, leadership and brand development skills.

There will also be a demand for more product training across the entire CU. "Along with training, the expected level of service must be clarified and communicated thoroughly to staff," says Madeline Anderson-Balmer, marketing manager at $520 million MIT Federal Credit Union (*www.mitfcu.org*), Cambridge, Mass. "Core systems and reporting strategies may also need upgrading to support these new demands. While omnichannel doesn't necessarily mean more staff, it will require a more informed staff."

Greater staff efficiency will be another omnichannel emphasis. "Especially if a CU's strategy is successful and promotes growth," says Ryan Myers, a director at CUES Supplier member and strategic partner Cornerstone Advisors, Inc. (*www.crnrstone.com*), Scottsdale, Ariz. "If done correctly, staff may increase to support more members, but it may be at a slower rate than historically needed."

How far are we from true omnichannel marketing? Moran estimates 10 years. "Think about what's involved and the way CUs are structured. Many are still siloed by channel. For omnichannel, departments need to co-exist and provide a consistent experience, across every single channel, even newly emerging ones. Staff will also need to realign."

Data, Insights and Action

More and better data leads to better insights and, in turn, better decisions. It also creates a more relevant omnichannel offer. "Use your technology and data to facilitate the member journey," stresses Moran. "Without it, you can't understand or satisfy your members' complex needs in relation to where they are in the customer journey with your CU."

Consider that your CU may send a mailer for a credit card. The offer may not be relevant (it's too small a credit line compared to the member's wealth); or not customized to the member's needs (not the right type of card); or delivered via the wrong channel (member prefers a digital over direct mail).

"You must first collect and unify these data insights before you can take appropriate action with the member," reiterates Moran. "Employees must also know what to do with the member response and use that data to carry on the dialogue."

Rajesh Patil, VP/financial services and fintech for Helios and Matheson Analytics, Inc. (*www.hmny.com*), New York, advises his clients to "bring data into a centralized sphere so you can better manage it, and, to institute a single platform to handle the customer experience and workflow." Patil and his company are also partnering with Terafina Inc. (*www.terafinainc.com*), San Francisco, to deploy an omnichannel strategy specifically for CUs.

Being cognizant of where you collect data and which data you deem most important is another prerequisite to successful omnichannel marketing.

"Data insights garnered from many sources, including your core systems, third-party vendors and various digital applications, should be used to improve your processes and make the overall member experience better," says Moran. "And don't underestimate the importance of data gleaned from social networks or forums, including comments on the branch service experience, phone center and staff responsiveness. These insights are extremely valuable and regrettably, up to 75 percent of CUs may not be using them at all."

The Role of Market Segmentation

Defined market segments—members who share similar attributes—are dependent upon the collection and correct use of data as well. "The more attributes you can use to define a segment, the more accurate that segment and relevant your offer," explains Moran. "Offers become strategic, not tactical. This will also help you ... extend the right offer, in the right channel, at the right time."

"Believing that 'everyone' is your target is not the goal," reminds Anderson-Balmer. "But developing products and promotions targeted to the appropriate audience, and using the right content, will result in higher web click-through rates, stronger engagement and a larger percentage of closed sales."

The CU serves students, employees and alumni of MIT in addition to other select employer groups. The images and content in a message to MIT alumni might differ from what is sent to students, which would be different still from the messages sent to SEGs.

Congruency, Every Marketer's Dream

Moving toward omnichannel, member experiences must match, both in digital and traditional channels. Brett Wooden, chief retail officer for $160 million Providence Federal Credit Union (*www.providencecu.org*), Portland, Ore., believes this congruency is feasible only after you review and understand *every* process in *every* channel.

Wooden suggests that if you're just starting out, concentrate on a single product first. "Focus on the processes required to open a savings and checking account, make a deposit or apply for and fund a loan. What do these processes look like? Then examine your other channels. What is the *preferred* process? Match that process to all channels, preferably in-branch first, so staff can see and understand it."

And watch for details. This includes the number of screens a member sees or steps required to complete an action. Is it more labor-intensive to open an account in-branch than online? Do third-party applications auto-fill across all channels (including in-branch)? Or does the member need to enter additional information via his or her laptop or phone, mail documentation or go into a branch to sign papers?

Also, how do the consequences of an action (intended and unintended) correspond? For example, is there a soft hit on the member's credit when a member completes an application in one channel versus another? Are check holds consistent throughout all channels? Wooden emphasizes that workflows are simply processes, *not policies*, and it is possible to match these processes cross-channel.

"Staying committed to your brand is also essential," adds Anderson-Balmer. "Frame every communication, whether it's a quick-hit or lengthy landing page, with your unique brand voice so audiences can quickly recognize you among the noise." Some of this can be achieved through templates, giving you the freedom to change offers, imagery and content as needed, internally.

"Providing a cohesive level of service no matter how a member finds you or chooses to interact is the challenge," concludes Anderson-Balmer, "It requires a focused effort and having all employees and systems working together. But with patience and perseverance, it can be achieved."

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

Omnichannel Reading

Omnichannel: Who's Doing it Best? (*cues.org/0217omnichannel*)

6 Steps to Omnichannel (*cues.org/02176steps*)

Facility Solutions: Hybrid Branch Solution (*cues.org/1216facilitysolutions*)

Facility Solutions: Integrating Physical and Digital Delivery (*cues.org/0516facilitysolutions*)

Omnichannel Best Practices (*cues.org/0316omnichannel*)

Measuring Omnichannel Results (*cues.org/0316measuring*)

Case Study: First Tech Federal Credit Union's Omnichannel Strategies (*cues.org/0316casestudy*)

All in for Omnichannel (*cues.org/0416omnichannel*)

Close to Home

Existing members may be your best bet to build mortgage business

By Karen Bankston

For all the talk about reaching *out* to new members to build mortgage volume, a more efficient strategy might be reaching *in*—to build your reputation as a mortgage lender with existing members.

The U.S. Census Bureau reports that about 65 percent of American households own their homes, and according to an estimate from Motley Fool (*www.fool.com*), 36 percent of all households have mortgage debt. Those stats raise the question: Does your CU hold mortgages for a third of your members?

Ent serves about 5 percent of its members with a mortgage, an enviable rate in our industry. Still "we know there's still plenty of opportunity within our membership," says Jon Paukovich, SVP/chief lending officer of the $4.7 billion Colorado Springs credit union (*www.ent.com*).

Randy Wacker, VP/mortgage lending at Gesa Credit Union, agrees. Even with all its marketing and relationship-building efforts, "members don't think of us first when it comes to mortgages. If we could increase awareness, that would be an absolute home run," he says.

In fact, Ent, Gesa CU and other credit unions featured here operate bustling mortgage departments but still hear a maddening question far too frequently from members: "Oh, you do mortgages?" Executives for these organizations shared strategies on how credit unions can make their names as mortgage lenders with both existing and prospective members.

No Shortcuts

When Paukovich joined Ent a dozen years ago, its mortgage business was about 90 percent refinancing. With the refi demand beginning to dwindle, the credit union switched its focus to purchase money mortgages. Building its reputation as a mortgage lender has required a major commitment, both across the board in traditional and social media marketing and by deploying experienced loan officers to build the CU's reputation with members and Realtors.

Toward that latter end, the practice of sending loan officers to every closing—where they can interact with members and seller's and buyer's real estate agents—has afforded "great opportunities to get referrals and to cement the relationship with members," Paukovich says.

Ent continues to build on its solid reputation with real estate agents that dates back to the height of the housing crisis when other lenders walked away from borrowers on the verge of closing and the credit union was willing to step in. Still, the mortgage department can't rest on its laurels: It has to consistently deliver on time and on the expectations of both members and their Realtors, he says.

One way Ent does that is having all loan documents ready for members' review a full 24 hours in advance of the closing, says Skip Wells, VP/mortgage lending. "All the parties are fully notified, and the members know what they need to bring, so the closings are a time to celebrate, not scramble around."

Efficient processes and demonstrated expertise with complex regulations impress not only members, but all the stakeholders in the housing chain—Realtors, title companies, appraisers and attorneys—which extends the referral business, Wells says. The credit union also offers a $500 guarantee if it is responsible for a closing delay, a promise it has only had to pay out a couple times.

Ent also brings in mortgage business as the preferred lender with two major, local home builders, another relationship that started at the closing table, Paukovich says. "But that didn't just happen overnight. We had to consistently deliver on loans and ask for their business."

Building trust with members and Realtors is an essential aspect of winning mortgage business, suggests John P. Seroka, principal and brand strategist with the Los Angeles-based Seroka (*www.seroka.com*). "Can the borrower trust you to get the deal done? Obviously, you need to have a reasonable rate, too, but you can have the best rate in town and if the borrower and/or referral agent doesn't trust you, they won't work with you. Therefore, your marketing efforts need to focus on ways to build trust in the community and among business referrers."

Add to those strategies a full complement of mortgage options—conventional, portfolio, Federal Housing Administration, Veteran Affairs and state and local down payment assistance programs—and the expertise to steer members to the right loan for them. Many members with a low down payment may think an FHA loan is their only choice, but a conventional mortgage with 3 percent down can save them money in the long run because they can stop paying mortgage insurance once they pay the principal down, he notes.

Mortgage lending executives work with Ent marketing staff to plan campaigns and outreach efforts, and mortgage loan officers also network with branch staff to build referral business on the frontline of member service, says CUES member Brian Rowedder, CSME, director of marketing.

"We communicate regularly with each business unit, so we have a feel for how much business they have in the pipeline and can adjust the intensity of our marketing effort," Rowedder notes. "That's especially crucial for marketing mortgages."

"There's a fine line in being able to drive business and delivering on our service promise, which is what differentiates us in the marketplace," Wells agrees. Toward that end, Ent CU uses pricing as a tool to manage mortgage application volume, relying on small rate increases to slow down volume when necessary.

Get Noticed

Faith Tholkes, VP/mortgage services for Ideal Credit Union, was named a Super Mortgage Professional in 2016 and 2014 in a readers' poll by *Mpls.St.Paul* and *TwinCities Business* magazines. "It's a nice honor, and I really look at it as a great way to get our credit union's name out there," Tholkes says.

From members' perspectives, excellence service in mortgage lending comes down to communications about mortgage options and the approval process, she suggests. "There's nothing worse than just not hearing anything about where their loan is at in the process."

To keep mortgage applicants in the loop, $650 million Ideal CU (*www.idealcu.com*), Woodbury, Minn., uses Ellie Mae Encompass (*www.elliemae.com*), an automated system that emails status updates to members and their real estate agent, if they choose to include them, on each milestone: application received, disclosures received, appraisal received, file submitted to and approved by underwriting.

It's difficult to track member referrals based on the level of service Ideal CU provides during the mortgage service, but Tholkes estimates that 10 to 15 percent of its mortgage applications may originate from word-of-mouth marketing. The mortgage department also relies on referrals from its six branches and traditional and online marketing channels.

Make an Offer They Can't Pass Up

It's not easy to come up with a special mortgage offer that truly stands out in the marketplace. AllSouth Federal Credit Union (*www.allsouth.org*), Columbia, S.C., is turning heads with its "no payments for the first 90 days" mortgage.

Members can use the money that would have gone toward their first two mortgage payments to furnish their new home instead, notes Thomas Boswell, VP/mortgage lending for the $781 million CU. AllSouth FCU extends that offer on most portfolio loans, which amounts to about 75 percent of its mortgage business over the past year.

"When people ask about rates, what they're really asking is 'How much is this going to cost me?'" Boswell notes. "They want to know what their monthly payments and

Does your credit union hold mortgages for a third of its members?

closing costs will be. Our offers to discount closing costs or extend the time before first payment is to really engage members."

AllSouth FCU employs a multifaceted marketing campaign to raise awareness that it offers mortgages, with homebuyer seminars, billboards and TV, radio and newspaper ads. The credit union is also stepping up one-to-one marketing by training frontline staff to talk with members about their mortgage needs.

"We felt that if we could teach employees to pick up on cues that members might be in the market to buy a home or refinance, having that conversation would be the most direct path to build business," he says.

About two years ago, the CU developed its "Mortgage 101" training, a two-and-a-half hour course to teach tellers and member service reps how to talk comfortably with members about mortgage products and the importance of getting preapproved before they start shopping for a home.

"We wanted to increase their comfort level so they wouldn't get that 'deer in the headlights' look when the topic of mortgages comes up," Boswell says. "They don't need to be experts in underwriting to start an application with members and hit the button to send it to the mortgage department."

As a result of those efforts to enhance frontline cross-sales, about half of all mortgage applications start with branch referrals, he adds.

AllSouth FCU is also investing in its online channels to ensure the widest possible access to mortgages and other products by adding an option to view the website in multiple languages (11 in total, including Arabic, Chinese, Spanish and Russian), to make all pages responsive for viewing on mobile phones and tablets, and to facilitate mortgage applications from mobile devices.

"If millennials can't see the site on their phones, they're not going to see it," Boswell notes.

A website that offers an "amazing user experience" is one path to create awareness for your mortgage program, Seroka suggests. All marketing should point to a website "that provides an easy, intuitive way for people to learn more. You should make it easy to become prequalified, use a calculator or fill out an application."

"Once you have that in place, then it's about creating awareness among the audience you want to target—with statement stuffers, direct mail, newsletters, emails, lobby signage, paid social media tactics, videos and sponsoring events," he adds. "You need to have a 360-degree approach to your marketing efforts and know how to optimize your spending across channels to get the best ROI."

Play on Proximity

The mortgage department at $1.7 billion Gesa CU (*www.gesa.com*), Richland, Wash., was a busy place last summer and fall with record closing numbers in August and September, a trend that Wacker expects to continue. "Our biggest challenge has been pull-through to get things processed in a timely manner," both because of expanding compliance requirements and a backlog in appraisal reports.

Wacker attributes the steady flow of home loans to the successful efforts of 10 mortgage representatives who work in the field (vs. at a branch) and who are paid on commission to build business through contacts in the real estate community.

"The mortgage business is largely relationship- and trust-based," he notes. "We sell our local presence as a big plus to applicants and Realtors. If they have a question, members can come right down and talk to our underwriters."

Gesa CU pursues a wide range of marketing strategies to build awareness and its reputation in mortgage lending, from traditional advertising on the full complement of products it offers as a full-service financial institution to homebuyer seminars and advertisements in local real estate guides. It promotes prequalification and maintains a contact system to "stay in front of folks" who've gone through that process as they continue house hunting.

In addition, member service employees are trained to ask members if they are homeowners or shopping as the first step toward a mortgage referral. About 200 referrals a month come from branches, Wacker says.

The CU currently services about 5,000 mortgages, which is an important consideration for members shopping for a mortgage lender. "We get that question routinely, and we tell them, 'You can make payments at the branch, and if you have problems, we will be here to help,'" Wacker says. "Our borrowers really appreciate being able to come in and talk to someone face to face."

The Latino community in Gesa CU's service area offers a "tremendous opportunity" to build more mortgage business, so the credit union makes its website available in both English and Spanish, and four of its mortgage loan officers and many frontline staff trained to make mortgage referrals are bilingual.

This article continues on the myCUES app. Visit cues.org/mycues *to learn how to download it. Then look for it in the "Spotlight" section.*

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

More Lending Resources

Make More Mortgages (*cues.org/0217make*)

Generating Loans (*cues.org/0217generating*)

Loan Zone: Creating Options for First-Time Home Buyers (*cues.org/1216loanzone*)

CUES School of Consumer Lending™ (*cues.org/socl*)

CUES Advanced School of Consumer Lending™ (*cues.org/socladv*)

Paying It Forward

Leaders who make succession planning a priority—such as the three described here—ensure their CUs will thrive and forge ahead even when top leadership changes.

By Pamela Mills-Senn

Planning for the succession of a CEO or other critical positions can seem an overwhelming process for many credit unions, particularly smaller organizations where budgets—and time—can be stretched fairly thin, says Greg Longster, partner with CUES Supplier member and strategic provider Davies Park Executive Search (*www.daviespark.com*), Vancouver, British Columbia.

The executive search firm has conducted "hundreds of senior-level searches" for credit unions and financial institutions, says Longster. "Succession plans, done well, require an organization to spend additional time with select employees in order to prepare them for more senior positions in the future," he explains. "Furthermore, time must be spent by others in the organization to help assist, coach and mentor the selected employees. With constrained time and budgets, it's difficult to ensure that ongoing support is maintained for the succession planning activities."

But succession planning is a must-do for credit unions; waiting until a CEO retires, becomes sick or has to step down from the position for other reasons is a serious mistake for credit unions, says Deedee Myers, chief executive officer for CUESolutions provider DDJ Myers Ltd. (*www.ddjmyers.com*) a Phoenix-based firm providing executive search/recruitment, strategic organization and leadership consulting services.

To counter the likelihood of succession planning falling by the wayside, Longster advises credit unions to make it a top priority. "The most senior executive, and potentially the board, must view succession planning as a mandatory element for the organization, one that must continue, even when everyone becomes busy and budgets get tight."

How can CUs get started? Myers suggests first assessing how primed the organization is to take on succession planning. Establishing clarity of vision and a mutual agreement between key stakeholders as to the definition of succession planning is also important. Other tasks she mentions include:

- creating a strategic vision for the credit union and identifying the organizational competencies necessary to support that vision;
- determining and outlining the required competencies for the CEO role;
- identifying potential internal candidates and other high performers, assessing their competencies and where these might need augmenting, as well as their desire to advance;
- creating leadership development plans for these potential successors, regularly

monitoring their development;

- developing a list of potential external candidates in case it becomes necessary to recruit from outside the organization (Having a good mix of internal and external candidates allows an organization to decide which is best, says Longster.); and
- creating long-term *and* emergency plans.

Those deemed as having the potential to step into key roles should be willing to participate in stretch assignments and cross-training, and in furthering their education and credentials, says Longster. But although it's good to have a healthy roster of high performers, don't overload the list, he cautions.

"An organization doesn't want to have too many high-potential people vying for just a few senior-level opportunities. If too many employees aren't achieving the high-level positions, this can lead to frustration and an eventual departure by those employees," Longster explains.

Let's look at how three credit unions are positioning their organizations to keep moving forward, no matter what.

Altra Federal Credit Union, Onalaska, Wis.

Although $1.25 billion Altra FCU (*www.altra.org*), with 361 employees, has had a CEO succession plan in place for over 10 years, CUES member Jack Peplinski, president/CEO, says the plan is getting a closer look since he's now about two years away from retirement.

"The plan is more formal for the CEO than for other positions, addressing the readiness of internal candidates through a process administered by the board and covers both emergency and planned succession," he says. "Other positions are discussed more informally at monthly one-on-one meetings."

The board's major concern was if there were qualified internal candidates and if so, were they being sufficiently developed. Consequently, about a year ago, Peplinski began exploring how the organization's internal candidates measured up to those outside the credit union. This is critical information to have, he explains, because if internal candidates fall short compared to external candidates, additional time would be required for recruiting, training and acclimation.

Altra FCU turned to a consulting company—YME Coaching & Consulting, LLC (*www.leadtoexceed.com*) in Verona, Wis.—for assistance in addressing this question. (YME also reviewed Altra FCU's defined competencies necessary for the CEO position.) The next step was an investigation of and comparison between internal and external contenders. Peplinski also queried his four direct reports to identify those interested in being considered.

Peplinski says he learned that if an organization (and its board) is happy with the way things are going and like the culture, it makes sense to try to recruit from within. However, if the opposite is true, recruiting outside may be the better choice, since this provides the opportunity for change.

Considering that the average cost-per-hire for companies is $4,129, according to the Society for Human Resource Management (*www.shrm.org*)—and higher for mid-range and executive-level jobs (*http://tinyurl.com/turnovercost*)—promoting is generally more cost-effective than hiring someone new.

In Altra FCU's case, the board was satisfied, and the internal candidates compared favorably to external ones. Therefore, at this point a plan is in place to recruit and develop from within.

"The entire board and senior management have read the plan," says Peplinski. "In addition to identifying the internal candidates and their readiness, the plan identifies an interim person, or persons, who would lead the organization until a successor is found."

Peplinski meets with his reports monthly, with succession plans discussed at least four or five times annually. Also reviewed are whom his direct reports have identified as being interested in stepping into *their* positions and what's being done to develop and support those employees.

Beyond assessing the culture and the readiness of internal candidates, Peplinksi believes that boards need to look to the future when tackling succession planning. How might changing consumer behavior and the credit union's growth impact the skills needed in the next CEO?

As people and circumstances change, a well-constructed plan may no longer be such a good fit; this is also why plans should undergo regular and formal reviews with all stakeholders. Remember that flexibility is essential, says Longster—any succession plan must be "fluid and adjustable."

"Going forward, we'll use the structure of the CEO plan to better formalize the senior management succession plans," says Peplinski.

Community Financial Credit Union, Plymouth, Mich.

CUES member Bill Lawton, president/CEO of Community Financial CU (*www.cfcu.org*) has a long history with the organization, working there full-time since 1982 and serving in his current capacity since 2004. But his relationship with Community Financial CU actually began back when his father was the CEO, a position he held from 1958 through the mid-'80s, says Lawton, recalling how his father would bring him into work at "the tender age of 14."

With $760 million in assets, 65,000 members and over 240 employees, CFCU serves consumers and businesses in the western suburbs of Detroit and in two counties in northern Michigan.

The credit union started with a CEO succession plan over 15 years ago, created by the board as part of its policies.

"We have a formal succession plan for me," says Lawton. "The board uses their supervisory committee and has an active nominating committee to handle their succession. We do other succession planning on a team member-by-team member basis."

The executive team members—seven senior vice presidents report to Lawton—must designate their own successors who can serve as interim leaders in their absence and whom Lawton can go to if necessary. (This person may or may not be the one to ultimately occupy that particular team member's role.)

Lawton says multiple members of his team could step in for him, should something suddenly happen. He ensures this in a variety of ways. For example, he requires his executive team members to attend at least three out of 11 board meetings so they're exposed to how the board works and understand what's going on.

These team members are also empowered to act in the short term, for example in the case where an immediate/urgent decision must be made and for some reason Lawton isn't reachable.

"The succession plan specifies who can make these kinds of decisions and also what communication is required when this authority is used," says Lawton. "I must be notified so that when I am available, I know about any action that was taken where my authority was required."

Cross-training is another strategy. "We don't want the operations at the credit union to be significantly interrupted by the absence of any one person," Lawton explains. This is why he also favors hiring two people for the same position, to make sure there are as few functions as possible that only one person knows how to do.

One of the issues Lawton says the CU uncovered during succession planning is that although they have short-term solutions in place, these are not necessarily the best long-term options for the credit union.

"For example, if I have my most qualified team member conducting board meetings in my absence all of the time, but [this person] has no interest in taking on the CEO role in the future, it would be far better for me to have others conducting board meetings to help develop them more quickly and give them an opportunity to build a relationship with the board," he says.

Consequently, Lawton feels he needs to rotate responsibilities, becoming more conscious about developing the skills of *all* his team members. His advice to other credit unions grappling with succession planning?

"Don't look at this as something you're doing to make the board or regulators happy," Lawton says. "Instead, make it an ongoing process that's continually considered as new products and services are added and the team's composition changes. Doing this will improve the performance of your credit union and the satisfaction of your team."

Read one more case study online about $166 million Dane County Credit Union (*www.dccu.us*), Madison, Wis. One of the CU's challenges is a lack of personnel depth that larger credit unions enjoy (they have 67 total employees). Still, the CU has identified likely successors for each role. Read more at *cues.org/0317hranswers*.

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

Develop Future Leaders

Assessing Leadership Competencies (*cues.org/0217assessing*)

HR Answers: Mission Critical Succession Planning (*cues.org/0317hranswers*)

A 2017 Career Roadmap (*cues.org/0117career*)

The Missing Link in CEO Succession Planning (*cues.org/0916missinglink*)

Helping Them Soar (*cues.org/0916soar*)

CEO Institute™ (*cues.org/institutes*)

CUES POTENTIAL, REALIZED.™

A Vision and Position for Success

CUES President/CEO John Pembroke

The vision of CUES President/CEO John Pembroke is that organizations succeed when they put themselves in a position to succeed. Putting an organization in a position to succeed depends on people, products and processes.

When it comes to people promoting success, Pembroke works to make sure all CUES leaders and managers can answer the following questions for every CUES staff member: What is expected of me? How am I doing? How should I develop? What is next for me? In addition, CUES' leaders and managers give their team members regular and end-of-year feedback based on expectations, priorities and success criteria that were determined up front.

If products are to be an organizational success factor, the organization's leaders must clearly understand the member need each product is designed to address, Pembroke says. Leaders will know if they're meeting the need—and what needs to change—based on member feedback. For example, CUES recently launched Elite Access™ Virtual Classroom (*www.cues.org/eliteaccess*) to meet the online learning needs of members. CUES is actively seeking feedback and looking to evolve the offering based on members' experience with it. "Members' needs change," Pembroke says. "You must continue to address their needs and add features and functionality to your offering."

Processes promote success when they are designed to deliver repeatable and quality outcomes to internal and external customers, according to Pembroke. He recommends evaluating processes continuously based on success criteria established at the get-go, the same way staff evaluations should be conducted. In addition, he says, process output variations need to be understood, and processes need to be fine-tuned to closely align with members' expectations.

"If a project has not been adequately resourced, and success hasn't been defined or isn't achievable, you've put yourself in a position to fail," Pembroke says. "When everything is in place, you must conduct a systematic and objective review of your success criteria to understand progress and celebrate success."

DDJ Myers Becomes CUESolutions Provider

DDJ Myers
Advancing Leadership Success

CUES is pleased to announce DDJ Myers (*www.ddjmyers.com*) as a Silver CUESolutions provider for succession planning, executive recruitment and leadership coaching services.

"We're pleased to welcome DDJ Myers as a CUESolutions provider," says John Pembroke, CUES president/CEO. "This was a natural progression in the relationship between CUES and DDJ Myers, who first became partners in 2012. DDJ Myers has been a CUES Supplier member for 20 years, and its focus on placing and coaching top talent naturally aligns with our focus on talent development."

"DDJ Myers works to develop internal personnel and advance overall board, executive, and management learning and development," says Deedee Myers, DDJ Myers' CEO. "Our executive coaching clients express an 18 to 31 percent increase in organizational effectiveness after a year of focused attention on strengths and performance. From an executive and mid-level management perspective, 95 percent report they met their coaching goals."

Stewart Ramsey, CCE, president/CEO of $1.3 billion Pen Air Federal Credit Union (*www.penair.org*), Pensacola, Fla., and CUES Board Secretary, endorses DDJ Myers, saying, "Although our CU is several years away from an expected CEO departure, the board and management decided to begin the planning process now. We selected DDJ Myers to help us due to their experience and reputation within the industry, and haven't been disappointed. Peter (Myers) and Deedee provided great insights and fostered valuable conversations during the board facilitation session. The results of which created an action plan to evaluate and ultimately develop potential future leaders for our CU."

CUESolutions is a new CUES program designed to easily connect credit unions with thought-leading suppliers who have the products and services they need to evolve and elevate their success. To learn more about CUESolutions (*cues.org/cuesolutions*), contact Karin Sand, CIE, CUES' VP/supplier relations, at 800.252.2664 or 608.271.2664, ext. 341, or email *karin@cues.org*.

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CUES' Strategic Innovation Institute™, July 23-28, at the Stanford Graduate School of Business, Stanford University, helps credit union executives embrace innovation and become successful agents of change.

Attendees will learn from top Stanford faculty to think critically, challenge assumptions and change the rules of competition. "In the innovation game, it is easy to feel as though you are on a treadmill, especially when your organization faces the threat of extinction," explain Charles A. O'Reilly III, the Frank E. Buck Professor of Management, Stanford University, and Michael L. Tushman, Harvard Business School, authors of *Lead and Disrupt*. "But remember that exploration is the path to changing the game in your industry; it is what allows you to discover the future before your competitors do."

Graduates of this robust, transformational program are well equipped with a comprehensive understanding of innovation that benefits their credit unions immediately. Enhanced skills mean they will be able to broaden strategic innovative thinking, build organizational capacity for continuous innovation and grow their business in ways aligning with the traditions and culture of credit unions.

CUES' Strategic Innovation Institute is a rigorous learning event, with study time and extended discussion. After completing assigned coursework, graduates will achieve Certified Innovation Executive status. The CIE designation establishes a standard of education and excellence for CU leaders. It signifies you have made a commitment to developing innovative and strategic vision, and obtained a level of expertise recognized throughout the credit union movement.

To register for Strategic Innovation Institute at the CUES Member price ($12,095) or at the nonmember price ($15,145) visit *cues.org/SII* today. Space is very limited; register today to secure a seat.

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Tuning in to Weak Signals

By Kathy Pearson, Ph.D.

About six years ago, a senior executive from Borders book retailer sat next to me on a plane. This was in the early days of the Nook and Kindle. While Borders focused on delivering a quality in-store experience, customers were moving on. Borders went out of business a year later. They missed the weak signals that showed e-readers loomed as a threat to brick-and-mortar locations.

Similarly, weak signals emitting in the financial services industry suggest threats and opportunities. Security, privacy, user experience and integration of digital channels should be on your radar. Spotting early indicators will help you see where the market is heading and be both strategic and proactive in response.

By its very nature, decision-making includes uncertainty. Often you make a best guess and proceed with the risk of being wrong. A better option is to make a decision while acknowledging key areas of uncertainty, resulting in an *agile* decision. This means approaching decisions by recognizing you don't have all the data, but set your strategy and adapt as conditions change.

A challenge to monitoring weak signals is that decision biases have an innate influence, making it easy to skim over things outside your paradigm and therefore miss early signs. Encouraging vigilance also requires a culture change to facilitate information gathering from front line employees. Those closest to the customer are usually the first to spot early indicators of marketplace changes.

Former Secretary of Defense Donald Rumsfeld wrote, "There are known knowns. These are things we know that we know. There are unknown unknowns. But there are many known unknowns—things that we know we don't know." Understanding weak signals will help you mitigate the risks of unknowns and open you to the opportunities they present.

Kathy Pearson, Ph.D. *is president and founder of Enterprise Learning Solutions (elslearning.com), a senior fellow at the Leonard Davis Institute of Health Economics, and has served as an adjunct associate professor in the operations and information management department at the Wharton School, both at the University of Pennsylvania. Pearson has also been a presenter at CEO Institute (*http://www.cues.org/institutes*).*

*Learn to leverage weak signals in developing your payments strategy at CUES' new Payments University (*www.cues.org/payments*), April 3-4 in San Francisco.*

Comment on this post at cues.org/011817skybox.

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"The trouble is, we may be thinking about what defines the 'best employees' in an outdated way. We may be thinking solely about banking or retail experience when we navigate these waters. We need to add to our wish list 'employees who think outside of the traditional financial services box and help us change.'"
Jeffrey Davenport, consultant and adjunct professor, Boston, on "What Is Talent Management, Really?" in CUES Skybox: *cues.org/011117skybox*

"When a board spends time framing an issue, challenge or opportunity, more value is created—as it is better able to make sense of data, filter nonessential information and expand its ability to gain knowledge."
Deedee Myers, Ph.D., MSC, PCC, CEO of CUES Supplier member and strategic provider DDJ Myers Ltd. (*www.ddjmyers.com*), Phoenix, on "Do Your Board Conversations Make Sense?" in CUES Skybox: *cues.org/122816skybox*

"The desire to protect more of their members—both the ones with GAP exposure, and the ones who put enough money down to avoid a GAP exposure—is what drove Heritage FCU to consider upgrading its vehicle protection coverage."
Ronni Martinez, VP/specialty products for the financial institution division at CUES Supplier member SWBC (*www.swbc.com*), San Antonio, on "A Case Study on Vehicle Protection Sales Success" in CUES Skybox: *cues.org/122116skybox*

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