

REALIZE YOUR FULL  
POTENTIAL WITH  
**CUES INSTITUTES**  
**2018**



[cues.org/cumanagement](http://cues.org/cumanagement)



## INNOVATION

### Strategic Innovation Institute™

July 15–20  
Stanford Graduate School of Business  
Stanford University  
[cues.org/sii](http://cues.org/sii)

**STANFORD** GRADUATE SCHOOL OF BUSINESS | Executive Education  
**BUSINESS**

## GROWTH

### Strategic Growth Institute™

July 23–26  
The University of Chicago  
Booth School of Business  
[cues.org/sji](http://cues.org/sji)

**CHICAGO BOOTH** | Executive Education

## GOVERNANCE

Choose from two locations in 2018!

### CUES Governance Leadership Institute™

April 15–18  
Florida International University  
[cues.org/gliusa](http://cues.org/gliusa)

June 10–13  
Joseph L. Rotman School of Management  
University of Toronto  
[cues.org/gli](http://cues.org/gli)

 Rotman School of Management  
UNIVERSITY OF TORONTO

## LEADERSHIP AND STRATEGY

### CEO Institute I: *Strategic Planning*

April 8–13  
The Wharton School  
University of Pennsylvania  
[cues.org/inst1](http://cues.org/inst1)

 **Wharton**  
UNIVERSITY OF PENNSYLVANIA

### CEO Institute II: *Organizational Effectiveness*

April 29–May 4  
Samuel Curtis Johnson Graduate School of Management  
Cornell University  
[cues.org/inst2](http://cues.org/inst2)

 **JOHNSON**  
Cornell University™

### CEO Institute III: *Strategic Leadership Development*

May 20–25  
UVA Darden Executive Education  
[cues.org/inst3](http://cues.org/inst3)

 **UNIVERSITY**  
of VIRGINIA | **DARDEN**  
Executive Education

All 2018 CEO Institute sessions are sold out, with waitlists forming. CUES may resume summer sessions with enough interest. Contact Teresa Brogan, CUES' executive education specialist, at [teresab@cues.org](mailto:teresab@cues.org) to be put on a 2018 waitlist, or to register for 2019.

# Strategic Innovation Institute™

July 15–20  
Stanford Graduate School of Business  
Stanford University  
[cues.org/sii](http://cues.org/sii)

STANFORD  
BUSINESS | GRADUATE  
SCHOOL OF | Executive  
Education

Learn to embrace innovation and become a successful agent of change. You'll leave this transformational program with a comprehensive understanding of innovation that will benefit your credit union immediately. We'll end the week by creating personal action plans, to implement upon returning home. Register today!



# CEO INSTITUTE

CUES' prestigious CEO Institute combines the faculty, facilities and resources of the nation's top business schools into an unparalleled educational program that enhances your strategic thinking skills. You'll be able to make more effective decisions, better manage change, and improve business processes.

The robust curriculum of this transformational program consists of a series of one-week sessions held over three years, supplemented with pre-reading, homework assignments, and project work that adds considerable value to your learning experience, as well as your credit union. Learn more about each week of this program now!

## **CEO Institute I: *Strategic Planning***

April 8–13

The Wharton School

University of Pennsylvania

[cues.org/inst1](http://cues.org/inst1)



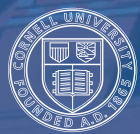
## **CEO Institute II: *Organizational Effectiveness***

April 29–May 4

Samuel Curtis Johnson Graduate School of Management

Cornell University

[cues.org/inst2](http://cues.org/inst2)



**JOHNSON**  
Cornell University™

## **CEO Institute III: *Strategic Leadership Development***

May 20–25

UVA Darden Executive Education.

[cues.org/inst3](http://cues.org/inst3)



**DARDEN**  
Executive Education



Samuel Curtis Johnson Graduate School of Management

# CU Management

JANUARY 2018

## Tiny, But Fierce

Small credit unions leverage partnerships and good strategy to strengthen our industry by serving members others overlook.



[cues.org/cumanagement](http://cues.org/cumanagement)



**Meet Kim M. Sponem**  
2017-2018 CUES Board Chair

### 2018 Lending Outlook

To grow loans this year, CUs must focus their efforts, upgrade tech and reassess risk

### Data Amplification

Analytics boost lending, CECL compliance and more

# EXECUTIVE DEVELOPMENT Right Now.

## STRATEGIC BENCH STRENGTH

Cultivate strategic thinking, enhance coordination, elevate pragmatic communication, and eliminate silos.

### Evolve Bench Strength for Tomorrow Through:

- Generative Board Governance
- Executive Development
- Emerging Leaders Program
- Onboard Coaching
- Executive Recalibration
- Leadership Development Plans

### Call Us Regarding:

- Executive Search
- CEO Evaluation/Compensation
- Strategic Planning
- Strategic Organization Alignment
- Bench Strength/Succession Planning
- Board Governance/Development

Contact Peter Myers directly  
to begin the conversation.

Peter Myers, SVP  
800.574.8877 | [pmyers@ddjmyers.com](mailto:pmyers@ddjmyers.com)

**DDJMyers**  
Advancing Leadership Success

[ddjmyers.com](http://ddjmyers.com) | 800.574.8877

# CU Management

## 10

GENERAL MANAGEMENT

### Connected and Collaborative

Incoming Chair Kim M. Sponem unites people around a positive future vision for consumers, credit unions and CUES.

By Diane Franklin

## 18

OPERATIONS/MARKETING

### Shrinking Targets

To grow loans in 2018, credit unions are picking their targets, upgrading technology and reassessing risk.

By Richard H. Gamble

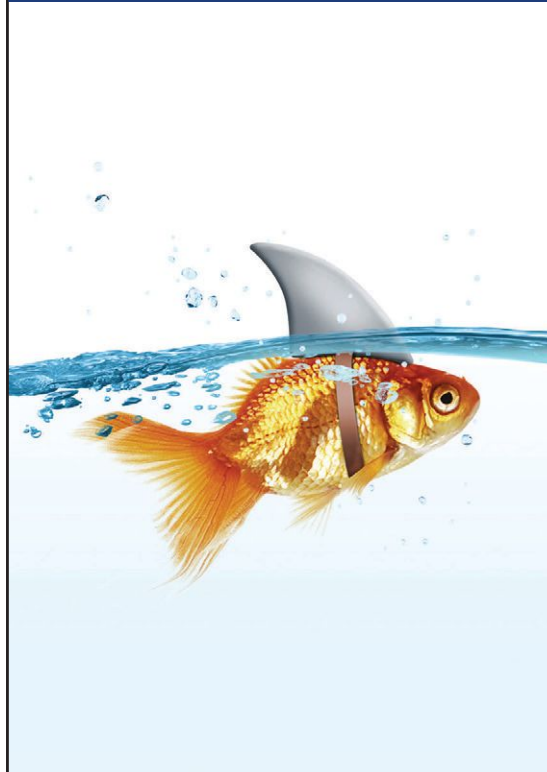
Web-Only Bonus:

The Rewards of Green Lending

([cues.org/1217green](http://cues.org/1217green))



Personalized Content  
Search **myCues**



JANUARY 2018 vol. 41 issue 1

## 14

GENERAL MANAGEMENT

### Tiny, But Fierce

Small credit unions leverage partnerships and good strategy to strengthen our industry by serving members others overlook.

By Karen Bankston

## 26

HUMAN RESOURCES/BOARD

### Talent Competition

Compensation is just one aspect of executive recruitment and retention.

By Karen Bankston

## 30

BOARD

### From Packets to Portals

Board portal technology offers credit unions compelling benefits over the old way of conducting business.

By Pamela Mills-Senn

Web-Only Bonus:

Technology Improves Board Governance

([cues.org/1217technology](http://cues.org/1217technology))

## 36

MARKETING/OPERATIONS

### Time for Data Amplification

Tap into a treasure trove of member information.

By Stephanie Schwenn Sebring

*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, executives, directors and future leaders.*



## Articles

### GENERAL MANAGEMENT

#### 14 Tiny, But Fierce

Small credit unions leverage partnerships and good strategy to strengthen our industry by serving members others overlook.

By **Karen Bankston**

### OPERATIONS/MARKETING

#### 22 4 Fab Facilities

Despite the explosion of digital delivery, physical branches remain not only relevant but also essential.

By **Stephanie Schwenn Sebring**

#### Web-Only Bonus:

#### Teller-less Staffing

([cues.org/1217verity](http://cues.org/1217verity))

#### Branch Cost Considerations

([cues.org/1217branchcost](http://cues.org/1217branchcost))

#### Staffing a New Branch in the New Year?

([cues.org/122017skyboxstaffing](http://cues.org/122017skyboxstaffing))

### GENERAL MANAGEMENT/ BOARD

#### 34 2018 CUES Symposium Sponsors

Thank you to these firms for their support at CUES Symposium: A CEO/Chairman Exchange, Jan. 28-Feb. 1 at the Grand Hyatt Kauai Resort & Spa in Koloa, Kauai, Hawaii

### HUMAN RESOURCES

#### 42 Find the Right Data Talent

There are two ways to cultivate analytics skills at your CU: You can submerge an external hire in your business or groom an internal candidate.

By **Stephanie Schwenn Sebring**

### JOIN US ONLINE.



@TheRealCUES



facebook.com/therealcues



linkedin.com/company/cues\_2



feeds.feedburner.com/cues/feed



@therealcues

## In Every Issue

### 5 CUES.org

The Rewards of Green Lending • The CUES Podcast Episode 44: Improving Your Communication • 3 Ways to Effectively Address Employee Mistakes • The Financial Sector's Best Cybersecurity Practices • Video: How Do You Manage Risk in an Outsourced World?

### 6 From the Editor

Can Small Be Strong?

### 8 Management Network

Scheduling Financial Checkups • Do You Practice Whole-Brain Thinking? • Weighing In on Web Design

### 44 CUES News

New Board Portal Offering • Thank You, Supplier Member Advisory Committee! • Participate in CUES' Compensation Surveys

### 46 Calendar

New in 2018: Execu/Blend!

### 48 Skybox

How Will Powell Drive the Fed Car?

## CONTENT CREATED JUST FOR YOU

Subscribe to any or all of the following at [cues.org/newsletters](http://cues.org/newsletters)! They're free and membership is not required:

**CUES Advantage**

**CUES Director Advantage**

**CUES Business Lending Edge**

**CUES Canadian Corner**





JANUARY 2018

## Web-Only Bonus



### The Rewards of Green Lending

VSECU has developed a green niche that has added \$40 million to its \$600 million loan portfolio.

[cues.org/1217green](http://cues.org/1217green)

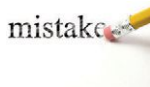
## CUES Podcast



### Episode 44: Improving Your Communication

In this episode, Carla Rieger identifies the five modes of communication and qualities of highly effective communicators. Rieger is a communication expert and director of The Artistry of Change Training Inc. Subscribe via iTunes, Google Play or Stitcher ([cues.org/podcast](http://cues.org/podcast)).

## myCUES App



### 3 Ways to Effectively Address Employee Mistakes

Even in the best-run organizations, things go wrong and employees mishandle their assigned tasks.

Download the myCUES app ([cues.org/mycues](http://cues.org/mycues)) to read this article under "Spotlight."

## Online-Only Column



### The Financial Sector's Best Cybersecurity Practices

Credit unions should aim to apply these bank best practices as soon as possible, since the risk conditions are similar.

[cues.org/1217techtme](http://cues.org/1217techtme)

## CCUBE Members-Only



### Video: How Do You Manage Risk in an Outsourced World?

CUs must manage three components: cost, performance and risk.

Center for Credit Union Board Excellence members can access this at [cues.org/ccube](http://cues.org/ccube).

Not a member? Get a 30-day free trial by emailing [cues@cues.org](mailto:cues@cues.org).

## GET MORE CONTENT

Find personalized content in the myCUES app ([cues.org/mycues](http://cues.org/mycues)).

Hear from industry experts on the CUES Podcast ([cues.org/podcast](http://cues.org/podcast)).

Read a new article every weekday ([cues.org/cumanagement](http://cues.org/cumanagement)).

Subscribe to our free email newsletters ([cues.org/enewsletters](http://cues.org/enewsletters)).

Search our magazine's archive ([cues.org/marchive](http://cues.org/marchive)).

## Board of Directors

### CHAIR

Kim M. Sponem • *Madison, Wis.*

### VICE CHAIR/CHAIR-ELECT

Stu Ramsey, CCE • *Pensacola, Fla.*

### TREASURER

Greg Smith • *Harrisburg, Pa.*

### SECRETARY

Kelly Marshall, CCE, ICD.D • *Summerland, British Columbia*

### IMMEDIATE PAST CHAIR/DIRECTOR

Stephanie Sherrodd, CCE • *Lake Jackson, Texas*

### PAST CHAIR/DIRECTOR

Joe Hearn, CCE • *Dubuque, Iowa*

### PAST CHAIR/DIRECTOR

Robert D. Ramirez, CCE, CIE • *Tucson, Ariz.*

### DIRECTOR

Erin Mendez, CCE • *Pleasanton, Calif.*

### DIRECTOR

Kris VanBeek, CCE, CIE • *Rye, N.Y.*

## Magazine Staff

### PRESIDENT/CEO

John Pembroke • [john@cues.org](mailto:john@cues.org)

### SVP/CHIEF LEARNING OFFICER

Christopher Stevenson, CIE • [christopher@cues.org](mailto:christopher@cues.org)

### MANAGING EDITOR/PUBLISHER

Theresa Witham • [theresa@cues.org](mailto:theresa@cues.org)  
Human Resources/Marketing Sections

### SENIOR EDITOR

Lisa Hochgraf • [lisa@cues.org](mailto:lisa@cues.org)  
Board/General Management/Operations Sections

### ASSISTANT EDITOR

Danielle Dyer • [danielle@cues.org](mailto:danielle@cues.org)

### DIRECTOR OF CREATIVE SERVICES

Nicole Morrison • [nicole@cues.org](mailto:nicole@cues.org)

### GRAPHIC/INTERACTIVE DESIGNER

Kristen Christianson • [kristenc@cues.org](mailto:kristenc@cues.org)  
Christina Harris • [christinah@cues.org](mailto:christinah@cues.org)

### VP/STRATEGIC PARTNERSHIPS & SOLUTIONS

Karin Sand, CIE • [karin@cues.org](mailto:karin@cues.org)

### SUPPLIER RELATIONS MANAGER

Kari Sweeney • [kari@cues.org](mailto:kari@cues.org)

### PRODUCTS & SERVICES MANAGER

Laura Lynch • [laura@cues.org](mailto:laura@cues.org)

### MARKETING AND MEDIA ASSISTANT

Molly Parsells • [mollyp@cues.org](mailto:mollyp@cues.org)

### ADVERTISING/SALES REP

Catherine Ann Woods •  
[cathy.woods@mediawestintl.com](mailto:cathy.woods@mediawestintl.com)  
Phone: 602.863.2212  
Fax: 602.863.6551

### DESIGN & PRODUCTION

Sara Shrode • [sara@campfirestudio.net](mailto:sara@campfirestudio.net)

*CU Management* (ISSN 0273-9267, [cues.org/cumanagement](http://cues.org/cumanagement)) is published monthly—including an annual buyer's guide—by the Credit Union Executives Society (CUES®), 5510 Research Park Drive, Madison, WI 53711-5377. Telephone: 800.252.2664 or 608.271.2664 in the U.S.; 604.559.4455 in Canada. Email: [cues@cues.org](mailto:cues@cues.org). Web site: [www.cues.org](http://www.cues.org). Periodicals postage paid at Madison, Wis. (USPS 0569710). Copyright 2018 by CUES. Materials may not be reproduced without written permission. Manuscript submissions and advertising are welcome. The appearance of an advertisement does not imply endorsement by CUES. Editorial opinions and comments in the magazine are not necessarily those of CUES.

Annual subscription rate for CUES, CUES Director and CUES Supplier members is \$89, which is included in dues. Additional subscriptions: \$89. Non-member subscriptions: \$139. Digital-only subscriptions: \$69. Single copy: \$10. Subscriptions outside the U.S. will be invoiced for additional postage costs.

For high-quality article reprints of 100 or more, call CUES at 800.252.2664, ext. 307.

POSTMASTER: Send address changes to:  
Credit Union Executives Society,  
P.O. Box 14167  
Madison, WI 53708-0167.





## Can Small Be Strong?

Our cover story this month examines the strength of smaller credit unions. While they may not have the budgets of big banks or even big credit unions, the most successful small CUs are using innovation to

serve their members well.

Still, the billion-dollar question is out there: Is the industry headed towards a \$1 billion threshold for survival?

In the CUES Podcast Episode 20 ([cues.org/podcast](http://cues.org/podcast)), Steve Morrisette, adjunct associate professor of strategic management at the University of Chicago Booth School of Business and lead faculty at CUES' Strategic Growth Institute™ ([cues.org/sgi](http://cues.org/sgi)), says that while the minimum asset threshold for CUs is increasing, it's a myth that credit unions need to be \$1 billion in assets to thrive. "There's more than one right size," he says. "There are multiple sweet spots where you can do a good job." Listen to the podcast at [tinyurl.com/ydx25oj8](http://tinyurl.com/ydx25oj8) (or subscribe to the CUES Podcast via iTunes, Google Play or Stitcher).

The answer for small CUs may be in their focus. "They can no longer afford to be all things to all people. They really need to be hyper-focused on particular market segments or product lines and try to carve out those niches that they can profitably serve," says Glenn Christensen, president of CEO Advisory Group ([ceoadvisory.com](http://ceoadvisory.com)), Kent, Wash.

Filling a niche is what \$10 million The Florist Federal Credit Union, Roswell, N.M., is doing.

A couple of months ago on [cues.org](http://cues.org), we told the story of the CU's visually stunning and award-winning website ([thefloristfcu.org](http://thefloristfcu.org)). How did they do it? "... we

are able to be a lot more nimble," says CUES member Cisco Malpartida Smith, CEO. "We can be scrappy and bold. We launched our new website and online banking in 60 days. Our online banking platform is extremely close to the robustness of a Bank of America." Read the story at [cues.org/1117smallcu](http://cues.org/1117smallcu). Smith also has more to say in "Tiny, But Fierce," p. 14.

Credit unions of all sizes benefit from understanding and analyzing all the data available to them. But it is still unusual for an \$81 million CU to employ a full-time data analyst. Cassidy Cochrum fills this role at Ohio Healthcare Federal Credit Union ([webcuohio.com](http://webcuohio.com)), Columbus. "Our CEO, Bill Butler, is a true data evangelist and has fostered a data culture across the entire organization," she says.

Committing to data study is one way a small CU can be at its best. Learn how CUs are using analytics to grow loans, manage CECL and even be more sustainable in "Time for Data Amplification" on p. 36.

What are your thoughts on the \$1 billion question and the future of small credit unions? Email [theresa@cues.org](mailto:theresa@cues.org).

A handwritten signature in black ink that reads "Theresa Witham".

Theresa Witham  
Managing Editor/Publisher



# Engaging

Digital engagement is a critical component to credit unions' ongoing efforts to bring lasting value to their members. That's why many of **our partners are actively engaging their members with our easy-to-use online insurance solutions.**

**Our sites feature your credit union's brand throughout** ensuring a satisfying and seamless experience for all members. **While simple and inviting messaging delivers the life-enriching values members want** — the way they want it delivered.

Look to our marketing experts to help you do more for your members on any device, at any time. **See how our credit union-centric and member-friendly solutions help raise retention and revenue — all at no cost to you.**

Successful engagement with us is just one simple click away at: [affinioninsurancesolutions.com](http://affinioninsurancesolutions.com)

**Affinion**  
**Insurance**  
**Solutions**

A Service of Affinion Benefits Group, LLC

## Scheduling Financial Checkups



Personalized money management advice, in the form of TruFinancial Checkups and No-Cost Credit Reviews, is at the heart of \$2.1 billion TruFinancial Federal Credit Union's mission to help members achieve "Life Improved."

Because members don't always have time for an in-depth conversation when they stop by a branch or call their credit union, TruFinancial FCU ([trufinancial.org](http://trufinancial.org)) now offers a simple online link to schedule an appointment at the branch of their choice.

Since TruFinancial FCU introduced scheduling buttons at several locations on its website in January 2016, about 100 members per week are taking the opportunity to make appointments to talk through their financial goals, apply for a loan, open an account or handle other matters, says Chris Murray, VP/member experience for the Winston Salem, N.C., credit union.

Frontline staff are trained to engage members in conversations about their financial goals and major milestones and to offer guidance to ensure that they have the right tools in place to help achieve those objectives. No-Cost Credit Reviews include advice on how to improve credit standing, if necessary, and the potential to save money or lower payments by refinancing and/or consolidating debt.

"At the end of the day, our aim is to uncover what matters most to members, to understand why they're asking for what they're asking for, and to carry these conversations forward in subsequent interactions," Murray notes. Toward that final aim, TruFinancial's core processing system facilitates maintaining notes on conversations with members about their financial goals.

In support of those member service goals, employee performance is assessed not on the rate of product sales but on the quality of conversations, based on member feedback and information entered in the system about the outcomes of those discussions.

TruFinancial FCU offers no-strings financial checkups and credit reviews for nonmembers as well, says Community Engagement Liaison Renee Shipko. She provides financial education sessions on budgeting, credit and other personal money management issues, often with a branch manager, in partnership with community groups such as Goodwill and the YWCA.

"We offer checkups to prospective members, so that they don't have to join to see if their goals align with TruFinancial's approach," Shipko says. "We invite them to ask for us personally when they come in so they can put a face with a name."



### SEND US YOUR THOUGHTS

We welcome signed letters to the editor. Email [theresa@cues.org](mailto:theresa@cues.org).

“When your entire CU is the size of a big bank's individual branches, you can't take them head on. So what do you do? Specialize and thrive!”

Tim Harrington, CPA, and Kevin Smith in "The Good, the Mediocre & the Stopped" at [tinyurl.com/yc4berv4](http://tinyurl.com/yc4berv4). Harrington, president of TEAM Resources, will speak at CUES' Execu/Summit® ([cues.org/es](http://cues.org/es)), March 11-16 in Big Sky, Mont.

## Do You Practice Whole-Brain Thinking?

Using whole-brain thinking means being able to fully leverage your own preferred thinking style (left- vs. right-brained), stretching to use the other style when necessary, and adapting to and working with the preferences of those around you to improve performance and results. The four stages of whole-brain thinking are:

**1. Busy beta.** You are checking stuff off of a list and cannot come up with new thinking.

**2. Amazing alpha.** The door is opened a little, and you can step into your subconscious to grab some new thoughts.

**3. Thoughtful theta.** You are about to go to sleep when you come up with an even broader range of ideas. The door is wide open.

**4. Dreamy delta.** When you are crashed out and dreaming, you have the greatest potential for whole-brain thinking. The door is off the hinges!

Practicing whole-brain thinking is an amazing way to live. It pays to consciously consider the thinking styles associated with both the left and right sides of your brain as you continue to collaborate, create and innovate!

Read a longer version of this at [cues.org/1117wholebrain](http://cues.org/1117wholebrain).

Gert Garman is owner of Broad Perspective LLC, Orlando, Fla. She will present about creativity and prototyping at Execu/Summit ([cues.org/es](http://cues.org/es)), March 11-16 in Big Sky, Mont.



## Weighing In on Web Design

The ultimate test of a website is how well it meets users' expectations, but it's not easy to find out what members like and don't like about your online portal. Two credit unions gathered member input via a

simple pop-up feedback system to help guide their website redesign. (\$135 million Duke University Federal Credit Union used the HappyOrNot ([happy-or-not.com](http://happy-or-not.com)) Web Smileys panel to encourage members to rate selected web pages and content by clicking on a smiling, neutral or sad face and supplying additional comments if they'd like.

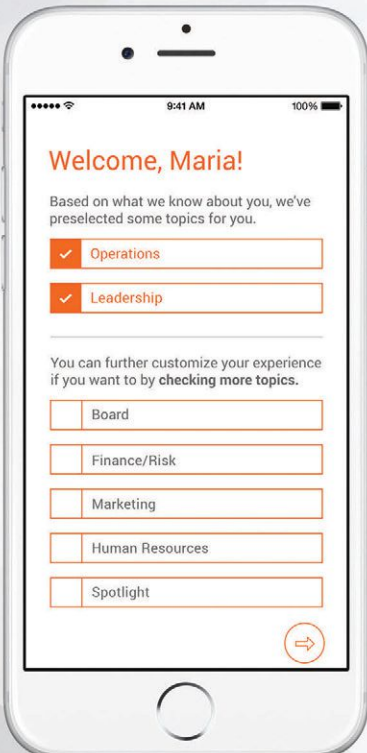
“With our current website, our goal was to provide as much information as possible,” says CUES member Daniel Berry, CCE, CEO of the Durham, N.C., credit union ([dukefcu.org](http://dukefcu.org)). “What we're learning is if it takes more than two or three clicks, members prefer to gather information in a phone call. As a result of feedback from members, our new website design will be simpler and more intuitive, with less information.”

(\$133 million Members Advantage Community Credit Union ([maccu.org](http://maccu.org)), Barre, Vt., used the same system to gather online feedback in advance of its website update, asking questions like: How can we improve? Do you find our rates competitive? Would you refer us to a friend or family member? Are you finding what you need on this page?

Because members see those questions every time they sign on to a page, it's helpful to change up the questions regularly, says Members Advantage Community CU Marketing Manager Lindsay Hennekey. “We know it's time to change the questions when member engagement goes down.”

Comments accompanying the smiley ratings (available through DoublePort, [doubleport.com](http://doubleport.com)) are provided anonymously, which allows for frank feedback but rules out the possibility of following up for more information or sharing a solution for members, Berry notes. Duke University FCU plans to launch its new website early this year and will continue to collect member input on the new design. “That feedback will help stay current with members' needs and expectations,” he says.

Both CUs also use HappyOrNot kiosks in their branches. That feedback is also anonymous but is provided so quickly that branch managers can drill down to specific interactions that are moved to push the frowning face. At Members Advantage Community FCU, ratings are high, typically in the 98 percent positive range, but “we want to hear the good and the bad,” Hennekey says.






### There's an app for CUES!

Download the new **myCUES** app for your iPhone or iPad and access the CUES content you love when it's most convenient.

Articles, videos, webinars, blog posts, app exclusives: **Personalized** to your unique credit union role.

Available on the App Store and iTunes. Simply search “**myCUES**”.



# Connected and Collaborative

***Incoming CUES Chair Kim M. Sponem unites people around a positive future vision for consumers, credit unions and CUES.***

By Diane Franklin

**M**ore than two-and-a-half decades ago, Kim Sponem learned about the value of credit unions when she became a CUES employee. Today a member of the CUES Board of Directors ([cues.org/cuesboard](http://cues.org/cuesboard)), she once again finds herself in a position to further the organization's important mission of advancing leadership potential at credit unions.

"My first job out of college was at CUES as programs and services assistant," reports the CUES member, now CEO of \$2.9 billion Summit Credit Union ([summitcreditunion.com](http://summitcreditunion.com)), based in Madison, Wis., and serving 171,000 members nationwide. "Having started my career at CUES, I'm a big believer in CUES' mission and what the organization does to help prepare people for executive positions, whether as a CEO or elsewhere in the C-suite."

Sponem says she's a lifelong learner. "I appreciate the importance of professional development, and I'm happy to give back to the organization by being on the CUES board," she says.

A native of Madison, Sponem never ventured far from home as she embarked on greater and greater challenges in her career. She attended the University of Wisconsin, where she earned her bachelor's degree in consumer science—something that proved relevant to product development and marketing at CUES.

After leaving CUES, Sponem became marketing manager at State Capitol Employees Credit Union. Four years later, she took a position as VP/marketing at CUNA Credit Union, now called Summit CU.

Sponem had an immediate impact at the CU, spearheading the formation of a training department and then the HR department. She also took on responsibility for operations. "This was all within a four-year period," she reports. "My title kept changing, and then I was asked to take on the role of executive vice president."

After two years as EVP, Sponem became interim CEO. The CU undertook a formal national search for a permanent replacement, and Sponem was one of the top candidates. "I had my final interview in January 2002, when I was almost nine months pregnant," Sponem recalls. "They offered me the position that evening, and my son was born on Feb. 4."

## **A Pathway to Growth**

In her 15 years as CEO, Sponem has led Summit CU to a nearly 15-fold increase in assets—from \$200 million to nearly \$3 billion. She cites several reasons for that phenomenal growth.

"For one thing, we became very focused with our target and our value proposition," she says. "We focus strongly on the needs of women and on a value proposition that



emphasizes building strong, thriving communities through financial education.”

Men are not shortchanged by this focus on women, Sponem stresses. “One of the things we have found is that when we focus on what is important to women in financial services, we also meet or exceed the needs of men. Women tend to look at money differently than men. Studies show they are often less confident that they have the answers, not because they know less, but because they are open to the idea that there’s more to learn and know. They look to us for guidance and for reassurance they are on the right track.”

Summit CU addresses this need for guidance through a financial education program called Red Shoes.

“This is our own copyrighted program primarily designed for women, but men can participate as well,” Sponem says. “For women, the goal is to help them step into their first million, no matter where they’re starting from. Women tend to end up in poverty in retirement at a much higher rate than men do. We want them to reach retirement with as much money as possible. This program helps by focusing on what is the next step to achieving this.”

Summit CU’s dramatic growth also is attributable to a series of mergers. The most significant one was in 2008, at which point the CU cracked the \$1 billion mark and became the largest CU in Wisconsin. The mergers enabled the CU to expand its physical presence in the state.

“We had four locations when I started as CEO,” Sponem reports. “We now have 34 locations across south, central and eastern Wisconsin, including three ... in Madison high schools.” The emphasis on high schools is consistent with the CU’s goal to provide financial education at an early age.

“We believe it is easier to prevent financial challenges than it is to fix them,” Sponem says. “That’s why we have outreach programs for middle school, high school and college students. We want to do whatever we can to help people get on track in the first place. We integrate into the classroom with guest speakers and financial education programs.”

One of these programs is Project Teen Money ([tinyurl.com/projteenmoney](http://tinyurl.com/projteenmoney)), a competition in which high school students compete for scholarship money by creating videos that emphasize good money saving, spending and giving habits.

“Each contestant creates three videos that are voted upon by peers and judges to determine the winners,” Sponem says. “They do the research and get very creative in putting together the videos. It’s a very cool way for teens to teach other teens about money.”

Project Teen Money is a youth version of another called Project Money ([tinyurl.com/projmoney](http://tinyurl.com/projmoney)), an annual competition that features four contestants vying for monetary prizes by improving their finances. The competition takes place over seven months, during which contestants try to outdo one another by reducing loan debt, increasing savings and teaching others what they have learned. The winner receives \$10,000, and the runners-up each receive \$2,500.

“We pair each of the contestants up with a coach from Summit,” Sponem says. “Our contestants have thousands and thousands of followers, and a big part of the competition is going on TV and blogging about their experience so they can share what they’ve learned with others.”

### Inspirational Leadership

These innovative programs are indicative of Sponem’s leadership, which inspires

Summit CU's 525 employees to think creatively in support of its members. "Kim takes an inspirational approach to leadership," affirms CUES member Linda Voit, AVP/internal communications. "She's always thinking ahead—three, five, sometimes 10 years out about what we could be doing for our members and our employees and our communities."

During her six years at Summit, Voit has observed Sponem's commitment to solving issues rather than being married to a specific solution.

"That is another key part of Kim's leadership that we value," Voit says. "She's open to input and inspiration from many sources, which keeps us nimble and helps us stay innovative. She's connected and collaborative within the organization. She's connected and collaborative in the community. And she's connected and collaborative in the CU movement."

Summit CU Chair John Litscher likewise applauds Sponem for her ability to provide inspired leadership.

"Kim is one of the best leaders I have ever had the privilege to work with," says Litscher, who together with the other Summit CU directors is a member of the Center for Credit Union Board Excellence ([cues.org/ccube](http://cues.org/ccube)). "For more than eight years, I have had the honor of seeing her tireless dedication and attention to detail while setting strategy, which has propelled Summit into one of the top credit unions in the country. She is a visionary in the credit union industry, and her determination has earned her the respect of all who know her."

Under Sponem's leadership, Summit CU has made a commitment to show the value of cooperatives to the community. An important component of this is the CU's Co-op Connection ([tinyurl.com/coopconnection](http://tinyurl.com/coopconnection)), an annual event that highlights cooperative businesses with a street fair near Madison's Capitol Square.

"We've been doing this for seven years," Sponem says. "At our most recent event, we had about 4,500 people learning about the cooperative business model and what being part of a cooperative means."

As another way to emphasize cooperatives, Summit CU has turned its annual meeting into a major member event.

"We have the annual meeting as well as a picnic celebration with different games and an obstacle course for the kids," Sponem explains. "Prior to this event, it was difficult

to get even 200 people to our annual meeting. Then we made the decision to tie the meeting into our strategic plan of reinforcing that members are part of something bigger. Now we draw close to 2,500 people."

To further show the value of coopera-

**"I ... think it's important that we (CUES) continually push the envelope on programming and thought leadership and continue to work on preparing executives for what's around the corner."**

**Kim Sponem**

tives, the CU calls its annual dividend "Cash Boomerang" ([tinyurl.com/summitcashboom](http://tinyurl.com/summitcashboom)). "It's something we've been doing for the past three years," Sponem explains. "When the cooperative is doing well, then members are issued this patronage dividend. It's another way of showing the cooperative difference."

### A CU Commitment

As the new CUES Chair, Sponem is looking to having continued impact on the programming that CUES brings to its members.

"I think that the programming has continued to evolve and is as strong as ever," she says. "I'm really excited about the focus we're putting on better meeting Canadian executives' needs and helping them be a bigger part of CUES. I also think it's important that we continually push the envelope on programming and thought leadership and continue to work on preparing executives for what's around the corner."

Sponem acknowledges the great leadership of CUES President/CEO John Pembroke keeping the organization on track. "John was hired during the time I've been on the board, and I think he's doing a fantastic job of ensuring that CUES stays ahead of executives' needs by creating programming that is engaging and thought-provoking," she says.

Couple this with Sponem's leadership, and CUES will be in good hands. Litscher sees her skills translating well to CUES.

"Kim has always shown a willingness to listen to staff and provide motivation to work towards a unified goal that everyone feels passionate about," he says. "CUES will certainly witness this in her time as board chair."

The same commitment that Sponem brings to CUES has prompted her to be

involved in other CU and community organizations as well. She is chair of CUNA's world affairs committee and also serves on its advocacy committee. Consistent with her emphasis on the cooperative model, she serves on the board of the Consumer

Federation of America ([consumerfed.org](http://consumerfed.org)). She recently finished her term with the Federal Reserve's Community Depository Institutions Advisory Council ([tinyurl.com/fedcdiac](http://tinyurl.com/fedcdiac)). She is also immediate past chair of the Corporate Central Credit Union ([corpccu.com](http://corpccu.com)) board and serves on the board of the World Council of Credit Unions

Foundation ([woccu.org](http://woccu.org)). Locally, she will soon step into the role of vice chair for the Greater Madison Chamber of Commerce ([greatermadisonchamber.com](http://greatermadisonchamber.com)).

On the home front, Sponem and her husband, Mark, have three children. Their daughter Aspen is attending her mother's alma mater, while son Mason is at the University of Notre Dame. Ross, who was born shortly after his mother became CEO, is now a sophomore in high school. The family enjoys various sporting activities, including water skiing, snow skiing and boating. This year, Sponem has taken up two exciting new challenges—mountain biking and horseback riding.

In her career, Sponem will continue to be devoted to the CU mission that she first encountered as a young professional at CUES. "I believe that credit unions add tremendous value to their members and their communities," she says, stressing that CUs offer an important choice in the financial services world. "We've raised the bar in terms of what consumers can and should expect from their financial institution."

Diane Franklin is a freelance writer based in Missouri.

### More on CUES

CUES Board of Directors ([cues.org/cuesboard](http://cues.org/cuesboard))

Columns by CUES President/CEO John Pembroke ([cues.org/pembroke](http://cues.org/pembroke))

CUES membership ([cues.org/membership](http://cues.org/membership))

CUES programs ([cues.org/calendar](http://cues.org/calendar))





# PREPARE FOR TOMORROW TRANSFORM TODAY

Credit union leaders must embrace digital solutions if they want to remain nimble in a world of constant industry disruptors. Have you?

With the OnBase content services platform, you'll discover powerful ways to revitalize your mortgage lending processes and better connect the information your members, employees and systems need through capture and workflow technology.

And you'll finally get the chance to focus on long-term sustainability, profitability and performance in our demanding digital world.

Prepare for tomorrow. Transform today. Embrace digital opportunities with OnBase.

Learn more at [OnBase.com/CUES](https://OnBase.com/CUES) >>

One platform **Unlimited potential**

**OnBase**<sup>®</sup>  
by Hyland



# Tiny, But Fierce

*Small credit unions leverage partnerships and good strategy to strengthen our industry by serving members others overlook.*

By Karen Bankston

**T**eri Robinson is not just the CEO of Pacific NW Ironworkers Federal Credit Union. She's also CFO, lender, marketing manager, HR specialist, compliance officer and IT help desk—though she admits her expertise for that final job was developed through trial and error and often boils down to advising, “Try turning it off and turning it back on.”

Most of all, “I’m an agent of change, and that’s exciting to me,” Robinson says. “We’re making stuff happen, and that’s why I love my job.”

Like many of her peers leading small credit unions, Robinson is a fierce advocate for the role of these financial cooperatives in the marketplace and their commitment to serving members. She joined the Portland, Ore., credit union in July 2009 as the lending administrator and became CEO eight months later. Under her leadership, the \$26.5 million CU ([ironworkersfcu.org](http://ironworkersfcu.org)) with 5,200 members has grown from 619 to 1,700 checking accounts.

That emphasis is a stepping stone to winning members’ loan business, she contends, but getting those primary accounts required the credit union to enhance accessibility. Pacific NW Ironworkers FCU maintains three branches, but more to the point, it was an early adopter of remote deposit capture, introducing the mobile service in early 2013.

“Our members are out on a job site when contractors hand them a check,” Robinson

notes. “If people really dove into our numbers, they’d see that when we introduced mobile banking, that’s when we started to see loan growth.”

## Key Partnerships

Robinson joined Pacific NW Ironworkers FCU as it—and its members—were coming out of the Great Recession, which required reducing expenses, asking vendors to work with the credit union, relying on support from partners like the Northwest Credit Union Association, and charging off some loans. The new CEO sought out secondary capital via loans from other credit unions and industry organizations to level out net worth and satisfy National Credit Union Administration capitalization expectations; 80 percent of those loans have since been repaid.

“We still wanted to loan to members and ask for their business, and the support of our board and members during those times made me trust our members even more,” she says. “We’ve refocused on engaging our existing members ... letting them know we’re here to serve them rather than spending money to recruit new members.”

Robinson seeks out vendors that understand the needs of small credit unions, like its core provider, FLEX ([flexcutech.com](http://flexcutech.com)), Sandy, Utah, which helped Pacific NW Ironworkers FCU launch its mobile banking solution quickly. “We don’t have time for

long processes to get a product like this up and running,” she notes.

She also forges partnerships with other financial cooperatives, like an arrangement with another small credit union, \$22.4 million Register-Guard Federal Credit Union in Springfield, Ore. The partnership allows members to conduct simple transactions at each other’s branches through the Credit Union Reciprocal Transactions network, a program developed by smaller Oregon CUs to provide convenience without cost.

“We network with other credit unions, and we’re all willing to share our ‘secret sauce,’” she adds. “There are cooperative strategies from the ’70s and ’80s that are still relevant with a little updating.”

One update Pacific NW Ironworkers FCU has made is to convert its branches from transaction hubs to loan centers, with loan desks replacing teller lines. All eight employees double as loan officers, continually asking members for their business and mining credit reports manually for refinancing opportunities. The return on that strategy has been about \$11 million annually in loan growth in recent years.

“Our industry needs to figure this out—that credit unions like ours are needed more now than ever,” Robinson says. “We help people that no other financial institution wants to help. A \$250 loan doesn’t cost out for us, but that’s not the way we

look at it. We look at (it as) offering our members a 12 percent loan versus a 30 percent loan from a finance company.”

### Daunting Challenges

In the past, consumers selected their primary financial institution based largely on proximity to home or workplace, notes Glenn Christensen, president of CEO Advisory Group (*ceoadvisory.com*), Kent, Wash. Today, though, the many avenues available to access financial services are revolutionizing consumers’ preferences and expectations.

“These are probably the toughest times that credit unions have seen, in many ways, because of the new forms of competition, the advances in technology and the need for credit unions to respond quickly to those advances and to changes in member behaviors,” Christensen contends.

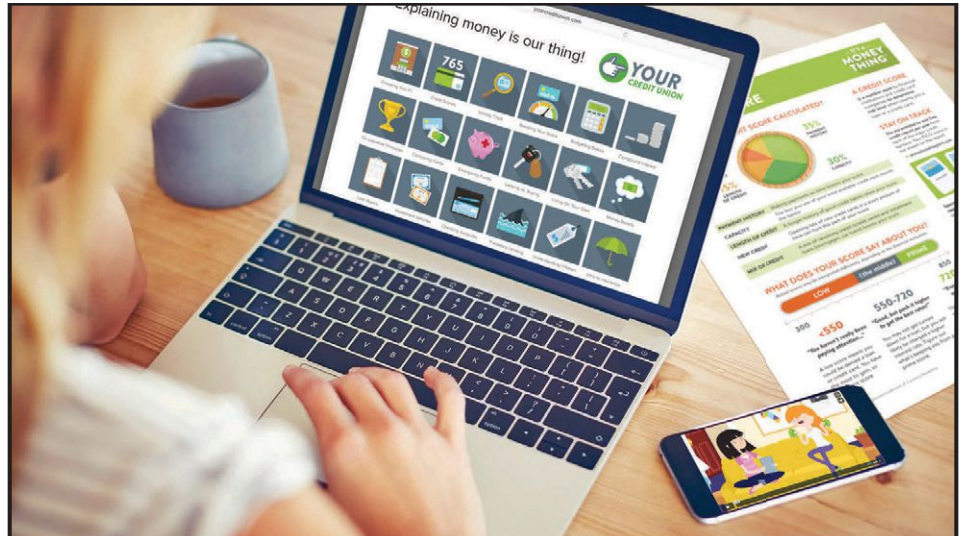
One of the biggest challenges for smaller credit unions is reinvesting in the growth of their organizations, he adds. “When their margins are thin, as they have been for quite some time, finding ways to reinvest for growth becomes a very difficult thing to do.”

Smaller credit unions that are thriving have leaders who apply a strategic mindset to explore how best to serve their members, Christensen suggests. “They can no longer afford to be all things to all people. They really need to be hyper-focused on particular market segments or product lines and try to carve out those niches that they can profitably serve.”

Formulating growth strategies can be particularly tough in sectors where sponsors or select employee groups have downsized. At the same time, credit unions have to keep pace with member expectations for ease of use set by retail giants like Amazon. Leaders of small credit unions rely on technology vendors and business partners to deliver those services, but they also need to develop their expertise “to understand the details of how this all works and how to position their credit union’s offerings,” he says.

### Building on Strengths

CUES member Cisco Malpartida Smith became president/CEO of \$10.7 million, 900-member The Florist Federal Credit Union (*thefloristfcu.org*) in December 2016 with plans to build on its niche market—200 floral associations as well as retail florists, growers and nursery owners and their employees and



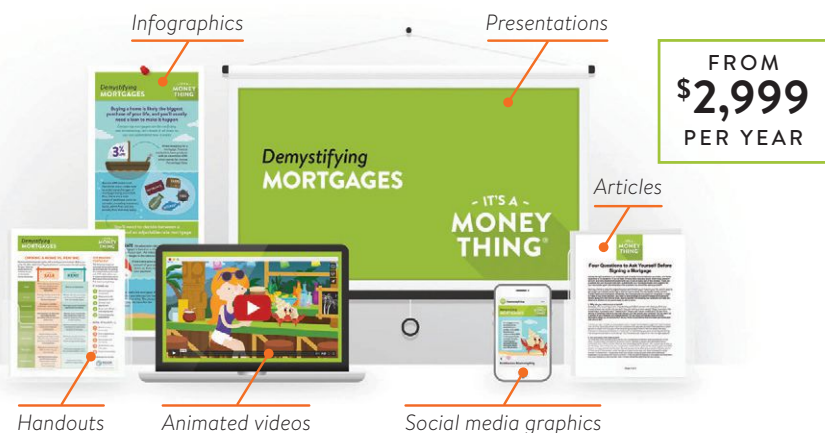
## Equip young people while elevating your credit union

It's a Money Thing is a library of effective and affordable financial education content covering more than 30 topics.

Use your branded content on your website and social networks, and share it with your local schools and educators.

“We launched our It's a Money Thing program at Red Canoe Credit Union in January 2016. Over the course of the year, our growth in the Millennial demographic rose 77%!”

**Amy Davis**  
Chief Marketing Officer



[currencymarketing.ca/money-thing](http://currencymarketing.ca/money-thing)



## Daunting Future Forecast

Smaller credit unions that are thriving today must confront the continuing challenge to maintain profitability and resources to meet members' long-term needs, cautions Glenn Christensen, president of CEO Advisory Group ([ceoadvisory.com](http://ceoadvisory.com)), Kent, Wash. The statistics on the ability of small credit unions to keep pace in recent years are grim: From 2010 through 2015, according to Christensen's analysis, a strong majority of credit unions under \$50 million in assets (72 percent under \$10 million and 61 percent in the \$10 million to \$50 million range) declined in membership.

In a forecast on the viability of credit unions based on asset size, Christensen reports that the current average size of the 2016 census of 6,022 credit unions was \$219 million. In 20 years, based on the historical growth of assets and rate of mergers, he estimates that surviving credit unions will number about 3,300 with an average of \$2.6 billion in assets.

"That will be a very difficult market for credit unions to compete in," he says. "The biggest credit unions will be able to provide extreme value through economies of scale. Even the most successful small credit unions will be challenged to maintain profitability and fend off threats such as cyberattacks ... but some niche players will have a chance to survive if they stay focused and develop hyper-differentiated products."

families nationwide—and to strike out in new directions.

With its unique field of membership, The Florist FCU is rare among smaller credit unions in offering business services. About 40 percent of the credit union's lending is with small businesses for floral delivery van loans, credit cards and lines of credit to support floral shop operations until accounts receivables come through, especially around big holidays like Valentine's Day and Mother's Day.

Most of the credit union's interaction with members is online; its only branch in Roswell, N.M., serves about 40 members on

a regular basis. One of Smith's first orders of business was to deploy a new website (read more about it at [cues.org/1117smallcu](http://cues.org/1117smallcu)), internet banking and mobile services, all through Narmi ([narmitech.com](http://narmitech.com)), New York. Narmi was founded by Nikhil Lakhanpal and Chris Griffin, respectively the former CEO and CIO of Georgetown University Alumni and Student Federal Credit Union, a student-run financial cooperative Smith had mentored. The Florist FCU's custom-designed online presence was cited by The Financial Brand ([financialbrand.com](http://financialbrand.com)) as one of "20 Visually Stunning Website Designs from Banks & Credit Unions."

Smith's prior experience is with two large CUs, \$17 billion BECU ([becu.org](http://becu.org)) in Seattle and \$1.8 billion GTE Financial ([gtefinancial.org](http://gtefinancial.org)), Tampa, Fla. At his previous post with GTE, his department's annual budget was more than \$1 million. In comparison, at The Florist FCU, "we count the individual staples. There is truly is no more to cut."

"Small credit unions really excel in the service category. We know our members literally by name," he notes. "But every day, costs go up. Every day, it gets harder as we deal with rising costs for compliance, talent, technology, service, marketing, cyber threats, and the list goes on and on."

## 'Scrappy and Bold'

Smith shares with his board and staff the goal of being "scrappy and bold," looking to differentiate and specialize in developing new products and ways to improve service without increasing expenses. The Florist FCU has added a 50-state mortgage lending program, with Smith and CFO Kenn Bell in effect working as mortgage brokers, taking advantage of the credit union's nationwide charter to lend with multiple national wholesale lenders. By adding home loans and stepping up business lending, the credit union has grown by more than 40 percent in just over 10 months and developed a significant new income stream, he reports.

"It's a lot of work, but we realize that organic growth alone won't be enough to survive. We're looking for ways to reinvent ourselves," he adds, noting the CU's federal charter and nationwide membership as an advantage.

One innovative example is Smith's discussions with a nonprofit organization that wants to create a nationwide financial cooperative, Equality Financial, a Federal Credit Union, to serve the LGBTQ community. Equality Financial could launch as

a parallel brand under The Florist FCU's charter and serve members through its existing online and mobile channels.

"In 29 states, it's not illegal to discriminate on the basis of sexual orientation, so gay, bisexual and transgender people face real barriers to obtaining financial services," Smith says. Equality Financial could offer such products as adoption loans (see "Bridging the Gap for Adoption" at [cues.org/1217adoption](http://cues.org/1217adoption)) for same-sex couples and support for other credit unions in formulating policies for accepting proof of identity for transgender individuals in transition, for example.

"In talking to other credit unions, we hear people say, 'We thought we were serving those members, but we realize now we need to revisit our policies and processes to be appropriately sensitive to the needs of the LGBTQ community,'" he notes.

Other changes are in the works: The Florist FCU has doubled its full-time staff to seven and will be opening a management office in Seattle (in a free space offered by another credit union), leveraging easy access to the Seattle market.

Smith has heard the threshold of \$1 billion in assets may become the watermark for survival. At the same time, he's also seen the potential for small credit unions to thrive by targeting underserved rural communities and specialized markets.

"But we can't just tread water. If we're just surviving, we're dying—and under constant threat from the rising costs of doing business or a singular event like a cyberattack," he says. "Small credit unions can't follow some generic strategy. We have to stay engaged and focused on the needs of members that others overlook."

*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, Eugene, Ore.*

## More on Small CUs

A Small CU With a Very Cool Website ([cues.org/1117smallcu](http://cues.org/1117smallcu))

NCUA's Dec. 14 reorganization of the Office of Small Credit Union Initiatives ([tinyurl.com/oscuireorg](http://tinyurl.com/oscuireorg))



A cold-pressed dilemma.  
A hot date for dinner.  
**Every transaction has a story.**

Sometimes small decisions have the biggest impact. That's why PSCU offers a robust suite of card programs that address your members' needs at every step of their day. As the nation's leading CUSO, we provide feature-rich Visa and Mastercard programs that attract members and help you earn their loyalty.

**Life doesn't stop. Neither do we. That's our story of service.**

Payments | Risk Management | Analytics | Loyalty | Mobile  
24/7/365 Contact Center | Marketing | Strategic Consulting



[pscuc.com/credit](https://pscuc.com/credit)  
844.367.7728

# Shrinking Targets

*To grow loans in 2018, credit unions are focusing their efforts, upgrading technology and reassessing risk.*

By Richard H. Gamble



**C**redit unions are expecting another pretty good lending year in 2018 unless ....

CUs' optimism is cautious because 2018 looks like it could be an "old" year. The economic recovery is old. The bull stock market is old. A lot of consumers have already refinanced their homes, bought their new cars, settled on their favorite credit cards. And what will come out of Washington is anybody's guess. So savvy CU lenders are trying to pick their spots—like home equity lending.

"We definitely see opportunities to grow loans in 2018, particularly in the home equity sector," says CUES member Billy Chancellor, chief lending officer at \$750 million Avadian Credit Union ([avadiancu.com](http://avadiancu.com)), Birmingham, Ala. "A lot of members refinanced into 15-year mortgages in the past seven years and have built equity. Home values have been edging up, so the equity is there. We'll be making a push in that area. We have a strategic plan backed by a marketing plan that sets specific targets for each loan category based on perceived opportunity."

Home equity lending is already solid for \$5.1 billion Ent ([ent.com](http://ent.com)) in Colorado Springs, reports CUES member William D. Vogeney, chief revenue officer. "We're still below 2007 HELOC levels nationally," he says, "and home equity has been growing nicely. Demand for home equity loans to make home improvements before a future sale has caused the average life of our home equity portfolio to drop below 24 months. That activity should continue to grow."

Steve Williams, CIE, principal of CUES Supplier member and strategic provider Cornerstone Advisors ([cmrstone.com](http://cmrstone.com)), Scottsdale, Ariz., agrees. "Credit unions have good products and small market share in home equity lending," he notes. "Even if macro growth is slow, that's a good place to steal market share."

But don't expect to advertise in the newspaper and wait for prospects to come to your branches, he warns. "You'll have to leverage the digital channel and the call center to increase market share," he advises. "It will take coordination and support from marketing and the front-line service staff."

## Tailored Products

CUs are hoping to score in a mature market with tailored products. \$440 million Tucson Federal Credit Union ([tucsonfcu.com](http://tucsonfcu.com)) has fashioned a specialized fixed-equity loan

product that should hold up well in 2018, reports Ellen Yacovone, SVP/lending and collections.

“We had members coming in wanting to refinance mortgages,” she says, “but the loan amount was too small to justify the fees, so we developed a product they can use at a low cost. It’s been popular with that segment, and we’ve had no delinquencies so far.”

Ent is preparing to fight fintech competition with funding speed. “We’re working on what we call a ‘60-60 loan,’ with approvals in 60 seconds and funding in 60 minutes,” Vogeney reports. The fintechs offer quick approvals, but it usually takes them one to four days to fund the loans.”

In addition, “lease-like products could give credit unions a share of the 30 percent of the automobile loan market they are currently missing,” notes Brian Timson, national vice president for CUES Supplier member Allied Solutions LLC (*alliedsolutions.net*), Carmel, Ind., which brokers insurance and various financial services for financial institutions.

Dealers and buyers are attracted to “residual-based financing” like leases or lease look-alike balloon loans that carry low monthly payments, he explains. This funding tool is not rate-sensitive, generating more yield and mitigating risk by shortening payment term length for financial institutions while lowering payments for the buyer.

“A lot of car buyers focus on the payment size more than the interest rate, and they don’t necessarily buy a car to keep 10 years.” The payment is typically 30 to 40 percent lower than they’d get with a traditional retail loan, he says. (Read more in “Auto Financing Flex” at *cues.org/0517flex*.)

If the economic expansion continues, many CUs are well positioned to capitalize on demand for business loans, observes Rich Gallagher, CEO of Oak Tree Business Systems (*oaktreebiz.com*), Big Bear Lake, Calif., which provides many of the loan documents CUs use. “The forms package five to seven years ago was very basic. Now it’s much more sophisticated and granular. Credit unions have improved as business lenders by leaps and bounds,” he says.

## Telescopic Sights

CUs should use 2018 for carefully targeted loan growth backed by data analysis and digital marketing, Williams advises. “The top priorities should be very focused efforts to steal market share, linked to diligent risk

management,” he advises. That’s because a lot of low-hanging fruit has already been picked in 2016 and 2017. “We’re late in the growth cycle, so it’s time to look harder at quality and pricing,” he notes. “You don’t want to lend hard into a softening market.”

In a cherry-picking, account-stealing environment, the winners are likely to be the players with the best analytic tools, Williams suggests. You have to know whom to target. For many CUs, data warehousing and analysis with automated decisioning are works in progress, he notes, but he points out that credit bureaus, payment processors, loan origination vendors and card brands have all expanded their analytic capabilities and that CUs should take advantage of what’s out there. The drive to turn massive data into useful intelligence is dynamic and pervasive, he says, and will be critical to lending success in 2018. (Read more in the article on p. 32.)

Tucson FCU supports lending with internal data analysis consisting mostly of using loan portfolio data and crunching the numbers in various ways to produce reports, Yacovone explains. Could she track members who are just making ends meet financially—say those with low checking account balances prior to payroll deposits, who have nearly maxed out their credit cards and had a few late loan payments or overdrafts? Could she track their payments for health insurance so she could spot a hefty hike in premiums that would strain their budgets and then schedule counseling with them about ways to stretch their cash?

“That would be wonderful,” she says, “but I don’t know anyone that can do that. It would be very expensive with today’s tools. Data warehousing is something we’ve been talking about, but if you commit that much money, you need to be sure the results will justify it.”

Still, in the long haul, Williams says, “that’s the kind of thing they (CUs) need to do once they get the infrastructure.”

## Playing Defense

While forward-looking CUs are adding plays on offense, they’re paying a lot of attention to smart defense. For example, smart defense is happening with security. The Equifax breach is a 2017 event that will challenge lenders’ defense in 2018, Vogeney says. “For one thing, more consumers are putting a freeze or lock on their credit information, which will cause headaches for lenders and slow the process when they

(members) apply for new credit.”

And smart defense will confront a wave of fraud attempts as criminals try to use stolen names, addresses and Social Security numbers to open new accounts attached to loans.

“They’ll use real information but change the address or the phone number or the employer contact information to direct queries to the fraudster,” Vogeney says. “We’ll have to learn to watch for a new set of red flags and new reasons to distrust. We may have to rely more on out-of-wallet questions, which will slow down the process.”

Smart defense is happening around member liquidity in areas like healthcare. “We’re absolutely worried about the rising cost of healthcare and how it will affect our members’ finances, as well as the growth and performance of our loan portfolio,” Chancellor says.

Karin Brown, a collections specialist at Lending Solutions Consulting Inc. (*rexcuadvice.com*), Elgin, Ill., hasn’t yet seen a rise in delinquencies because of soaring health insurance premiums, but that’s more likely to happen in 2018, she points out. CUs are good at helping struggling members find solutions, she notes. They may get opportunities in 2018 if health-care breaks members’ budgets.

Smart defense will watch the national economy as well. “We’ve seen a very long bull market, so a correction is overdue,” Williams says. If the market falls and consumers lose wealth, that could cause them to pull back and borrow less and cause lenders to tighten credit standards, bringing a contraction in the credit markets, he notes.

In the tough lending environment of 2018, it’s critical that lenders collaborate internally, Williams says, working with marketing to generate leads digitally through the website, with IT to get internal analysis of best prospects and with finance to be sure the business they are pursuing is profitable.

## Speed

Part of CUs’ 2018 lending defense is getting their technology game up to speed. “Rocket Mortgage and the other automated lending programs are a real threat,” Chancellor says. “Many members like a quick and easy process, so we’ll have to adapt to keep members who like to do everything on their smartphones. We are making that investment.”



**“We have a lot of data on our members’ financial activities. We need to do a better job of using it to anticipate borrowing needs.”**

**William D. Vogeney**

“What keeps me up at night, and should keep credit union executives up at night, is the disruption caused by the entry of fintechs,” Timson warns. “They have developed innovative ways to mine rich data and use proprietary algorithms that can generate scores that make traditional credit bureau scores obsolete. They look at education, career track, work ethic indicators, future earning potential, saver/spender, etc., and size up a potential borrower in a completely different way.”

The competition looks daunting. “We’re having another great year and expect that to continue,” says David Schroeder, vice president of Quicken Loans Mortgage Services ([quickenloans.com/Mortgage](http://quickenloans.com/Mortgage)), Detroit. In 2016, Quicken closed \$96 billion in mortgage loans, including \$7 billion in the Rocket program. Quicken offers Rocket Mortgage for buyers who want to do everything online.

CUs often regard Quicken as a high-tech rival, but Quicken has closed about 1,500 mortgages for some 100 CUs in the first nine months of 2017. These CUs essentially hand off their member/home buyer to Quicken’s technology and earn a fee from Quicken, Schroeder explains.

Fintech disruption has not yet destroyed lending markets for CUs, but it’s having an impact that promises to grow in 2018, Vogeney notes. “It’s changing expectations. Consumers are getting comfortable with impersonal transactions if they are quick, easy, cheap and reasonably secure. Consumers are less patient with the slow, detailed loan application processes that banks and credit unions have historically used.”

CUs are also feeling the fintech impact on rates, Vogeney adds. With high volumes, low overhead and securitization instead of deposit funding, a fintech can prosper on margins thin enough to squeeze CU lenders. “Variable-rate personal loans carry a rate in the low 5 percent range now,” he notes. “We’re making 48-month loans at 5.99 percent. They have never been so low.”

The big tech leaders like Amazon and Google do amazing things in leveraging

consumers’ personal data for cross-selling purposes, Vogeney notes. “We have a lot of data on our members’ financial activities. We need to do a better job of using it to anticipate borrowing needs.”

Ent has been looking into better data analysis and whether it even needs credit bureau information to make loans to select members. “Most of what we get from credit bureau reports we already know from our internal data,” Vogeney says. “We’re seriously considering skipping the credit bureau report for our best borrowers in 2018 and simply querying our Symitar system (from CUES Supplier member Jack Henry, [symitar.com](http://symitar.com)) for all we need to approve them up to a certain amount. Fintechs can’t do that.”

For disruption, consider the new app Fair ([fair.com](http://fair.com)). Launched last summer, it lets prospective car buyers enter a few pieces of data to be underwritten in a few minutes, determines the monthly payment they qualify for and define the type of vehicle they want within the monthly payment extended. The app then presents the various vehicles that meet their criteria within their geographic market and coordinates a concierge dealer experience that is hassle-free so they can test drive the vehicles with no pressure.

Once they make their purchase decision, they go back to the app to complete the entire car purchase fulfillment process via their mobile device, including insurance product purchase options before electronically signing and driving away within minutes. The loan product offered is an open-ended, month-to-month lease with a small down payment component. “I doubt if any credit union is thinking along those lines currently,” he says.

### The Risk Decision

Lending strategy often comes back to risk philosophy. 2018 may not be the year for a “Hail Mary” pass, but the conservative ground game may not score either. Some, like Timson, say CUs handicap their prospects with their traditional aversion to risk. He cites their modest success to date in the

first mortgage market (8 percent share) and revolving credit markets (5 percent share).

“There are ways to loosen underwriting standards judiciously, and that’s important to success in 2018,” he notes. “Lenders can accept more loans and differentiate more precisely among borrowers with borderline credit scores, but many CUs cling to quaint credit standards like a 720-plus score.” There are risk mitigation tools like loan default insurance that can empower more proactive lending while mitigating risks, he notes.

When we talked to Tucson FCU’s Yacovone last October, the 2018 lending game plan was on hold until the board formulated a strategic plan for the CU.

“There’s always a trade-off between growth and net worth,” she explains. “We’ve been on a growth tack for several years, and we’ve delivered. Our lending outlook for 2018 depends less on capitalizing on opportunities in the market than on carrying out the chosen strategy for the CU. If the board puts the emphasis on net worth, we’ll keep credit standards high and de-emphasize growth.”

At the strategic planning conference, Ent management regularly listens to a national or regional economist describe the market outlook, Vogeney reports. But execution has to be nimble, he adds. “You can’t keep charging into heavy fire.”

What worries Vogeney most, well beyond 2018, well beyond lending, is the dying middle class as automation continues to eliminate jobs and deplete wealth. Statistics show that most Americans are not prepared financially for retirement or unemployment, he points out.

“We need to get serious about the future facing our members,” he says. “The student debt load is unmanageable. A lot of our members are going to need help. That has to enter into our long-range plans.”

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

### More on Lending

The Rewards of Green Lending ([cues.org/1217green](http://cues.org/1217green))

CUES School of Consumer Lending, Aug. 13-14, Denver ([cues.org/socl](http://cues.org/socl))

CUES Advanced School of Consumer Lending, Aug. 15-16, Denver ([cues.org/advsocl](http://cues.org/advsocl))



# Are you doing everything you can to prevent fraud?

As fraud increases, and criminals discover new and creative ways to target financial institutions and individual cardholders alike, financial institutions must do more to proactively combat these attacks, and protect their cardholders.

Card fraud and data breaches are a growing problem and not going away anytime soon. Are you doing everything you can to mitigate fraud? Read our white paper to learn how you can start taking steps today to win the battle against fraud.

**Go to [vantiv.com/fraudfindings](http://vantiv.com/fraudfindings) to download the paper now.**

A close-up photograph of a person's hands. The left hand holds an orange card, possibly a credit card, over a dark laptop keyboard. The right hand is positioned over the keyboard, with fingers slightly curled as if about to type. The background is a blurred wooden surface.

**vantiv**

smarter/faster/easier/payments.

# 4 Fab Facilities

*Despite the explosion of digital delivery, physical branches remain not only relevant but also essential.*

Compiled by Stephanie Schwenn Sebring

Even in today's world filled with digital financial services, in-person branches still are a way for credit unions to connect with members, fortify loyalty and showcase their brands. Leaders are revitalizing these once-conventional spaces, creating member gathering spots and community hubs. Urban renewal, historical context and state-of-the-art technology are heavy influencers. There's no single right answer in branch design, and each of these facilities is as different as the CU itself.



## Fab Facility No. 1



## Andigo Credit Union Making Its Brand Pop

**Location:** Schaumburg, Ill.

**Builder:** La Macchia Group ([lamacchiagroup.com](http://lamacchiagroup.com)), a CUES Supplier member based in Milwaukee

**Completion date:** August 2017

**Square footage:** 3,842

**Employees:** 9

"The branch is fun and forward-thinking; not many financial institutions are ready to take this kind of leap."

Stephanie Vierling,  
NCIDQ, LEED AP, bd+c,  
senior interior designer,  
La Macchia Group

### Why Is This Branch Special?

Andigo CU's fresh, playful brand was the inspiration. The design focuses on the unexpected, using unique finishes, pops of branded color and dynamic details.

From the moment you walk in the door, you realize you're in a space that houses the next generation of banking; it's not your typical branch. Members are comfortable carrying iPads throughout, making appointments at touchscreen monitors while enjoying entertainment via a translucent monitor, which allows users to view what is shown on the screen while still being able to see through it. \$873 million Andigo CU ([andigo.org](http://andigo.org)) wanted to wow members with technology and branding, and it delivered.

### Most Unique Feature

Not just one, but a combination of details tells the story, from the video wall behind the tellers to the arresting shape of the building to the huge logo on the ceiling that is visible through windows high in the walls, essentially becoming a billboard visible from across the street—especially when lit at night.

### Key Considerations

Andigo CU partnered with La Macchia Group to perform a strategic analysis. After evaluating the CU's market position, the firm provided a strategic plan to support future growth and identified a well-trafficked location in Schaumburg, Ill.

#### Wow factors

- At the Connect Station, members work together with staff to complete transactions on iPads in a personalized experience.
- The Kids' Play Zone provides an iPad and a monitor so kids can play financial literacy games and participate in monthly coloring contents.
- Teller pods create a retail environment, operating as a traditional teller line with a more engaging experience.
- Digital canopies cover the teller pods, a wayfinding element members recognize upon entering.

#### Remarkable branding

- The oversized logo on the ceiling that becomes a lit billboard at night when seen through the location's high windows takes branding to a new level.
- From the custom-branded carpet to the "Andigo orange" wall covering, with brand elements infused throughout the lobby for an immersive branding experience.

## Fab Facility No. 2



## Harvard University Employees Credit Union *Embracing Historic Harvard Square*

**Location:** Harvard Square, Cambridge, Mass.

**Builder:** DEI, Inc. (*dei-corp.com*), Cincinnati

**Completion date:** August 2015

**Square footage:** 3,850

**Employees:** 8-11

“The fragmented nature of the existing space was one of the many challenges we surmounted, turning it into an arresting and interesting feature.”

Jamie Case, senior project manager, DEI

### Why Is This Branch Special?

Located in the prestigious and historic Harvard Square, the branch brings together technology, interactive hubs, and a combination of new and reclaimed materials. While navigating the branch, every touch point is designed to market to and delight the member, including video screens featuring products and services, brand colors and local artwork.

### Most Unique Feature

The curved face of the lease-space building and multiple floor elevations led to a unique floor plan. DEI’s architect overcame the fragmented overall nature of the existing space while fitting the offices into the oddly shaped footprint.

\$627 million Harvard University ECU (*hucru.org*) granted the designers leeway in creating the vision for the branch. The outcome? An impressive space with modern rustic flare that included exposing the existing brick and reclaimed wood flooring repurposed on an accent wall. An old vault room was also transformed into a small conference area.

Dialing into the members’ demand for technology, a lobby wall of four TVs allows for multiple inputs and configurations, and showcases current products and news. DEI also designed an “Idea Bar” with a wall-mounted Smart TV and custom countertop with iPads at each station. Today, the CU uses the Idea Bar to train employees and as a tech access point for members.

### Key Considerations

- An accelerated construction timeline was challenging; crews worked overtime to accommodate the tight schedule, completing the project in 74 days.
- An aesthetic glass panel and metal railing were implemented to overcome the uneven flooring and provide ramps to office spaces compliant with the Americans With Disabilities Act.
- Technology areas and conference rooms were placed in visible nooks to maximize space and provide amenities.
- DEI worked with a group called Art Lifting (*artlifting.com*), Boston, for the artwork. This organization helps artists who are homeless or disabled sell their works across the country.

### Cost Factors

DEI was required to use union labor at approximately a 40 percent premium. Unexpected costs included a poor subfloor, which needed to be prepped before flooring was installed. The City of Cambridge was particular about construction inspections, adding to the permit fee costs and triggering additional meetings to review the proposed exterior signage, etc.



## Fab Facility No. 3



### Verity Credit Union Creating the Veritable Conversation Place

**Location:** Ballard neighborhood in Seattle

**Builder:** Momentum, Inc.  
(*momentumbuilds.com*), a CUES  
Supplier member in Seattle

**Completion date:** November 2015

**Square footage:** 2,500

**Employees:** 4-6

“Watching the Verity team execute a new operating model has been incredible, embracing the transformation for a level of success beyond what either of our organizations could achieve alone.”

Jim Haack, co-founder and president of Momentum

### Why Is This Branch Special?

Through this branch, \$528 million Verity CU (*veritycu.com*) demonstrates its commitment to the historic, art-focused Ballard neighborhood that’s home to many young professionals by showcasing local artists and hosting fundraisers for local charities.

### Most Unique Feature

Conversation zones that shift the focus from transactions to more meaningful relationships.

### Key Considerations

Verity CU has built its brand around the personalized member experience. With help from Momentum Inc., the CU leveraged this identity into a physical location customized to Ballard residents. The result? A space that looks and feels more like a café than a financial institution.

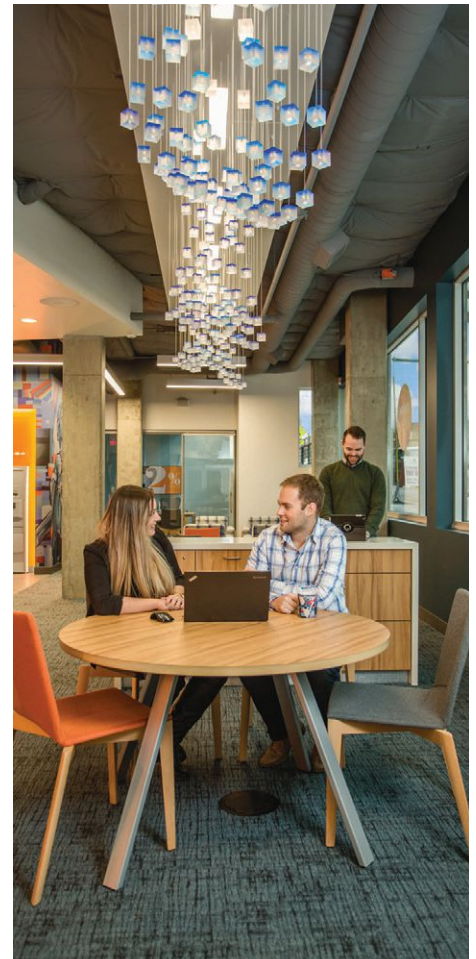
For mobile-savvy members who prefer online or smartphone transactions, visiting a branch is best left for consultative services, like discussing a home loan. Low transaction volume led to a space dominated by conversation zones, including the café-like area and a counter area reminiscent of an Apple Store Genius Bar. Staff have transitioned from tellers to universal associates who move freely amid the branch, interacting with members in a natural, conversational setting.

The branch environment embodies the atmosphere of Ballard, featuring locally designed murals and an art display showcasing community talent. Day and night, everything is visible from the street through large picture windows. The result is a vibrant billboard of local art and CU culture. Strengthening its cultural roots, the CU also sponsors community events, including pop-up concerts.

### Overarching Strategy

Based on a comprehensive market study by Pitney Bowes, the Ballard branch is the second stage of a long-term branching strategy developed by Momentum and Verity CU. Demographic data and predictive analytics projected future performance, while the team developed a list of likely branch locations narrowed down to the neighborhood and intersection level.

Beyond the branch network, the transformation extends to the entire organization. The CU has aligned its delivery channels for a unified omnichannel approach, even creating local web pages for each branch with news about each respective neighborhood. This strategy is embraced throughout the CU, as it breaks down silos for a flatter organizational hierarchy with shifting roles that support evolving member needs.



## Fab Facility No. 4



## Utah First Federal Credit Union

### Melding Iconic Elements and Community

**Location:** S. Jordan, Utah

**Builder:** DBSI ([dbsi-inc.com](http://dbsi-inc.com)), Chandler, Ariz.

**Completion date:** July 2017

**Square footage:** 3,300

**Employees:** 6

“We took a holistic approach to ensure the design would meet the demands of the people it serves, while staff can assist members from anywhere in the branch.”

John W. Smith,  
CEO, DBSI

### More on Facilities

Branch Cost Considerations  
([cues.org/1217branchcost](http://cues.org/1217branchcost))

Staffing a New Branch in the New Year?  
([cues.org/122017skyboxstaffing](http://cues.org/122017skyboxstaffing))

Teller-less Staffing  
([cues.org/1217verity](http://cues.org/1217verity))

Link to monthly “Facility Solutions” column via weekly CUES Advantage e-newsletter ([cues.org/enewsletters](http://cues.org/enewsletters))

School of Strategic Marketing I, July 17-20, Seattle ([cues.org/ssm1](http://cues.org/ssm1))

School of Strategic Marketing II, July 20-21, Seattle ([cues.org/ssm2](http://cues.org/ssm2))

### Why Is This Branch Special?

To achieve a complete transformation in banking, delivering an amazing branch design may not always be enough to differentiate. Impacting and fostering change requires a holistic approach and meticulous accounting for every element involved—strategy, design, technology and people.

For \$238 million Utah First FCU ([utahfirst.com](http://utahfirst.com)), this innovative facility delivered all of the above. The vision behind it gave rise to a consistent look and feel for the entire branch network, leveraging similar concepts at every location for supremely consistent branding. The best part? The project was delivered on time and under budget!

### Most Unique Feature

Strategic building placement (angled for maximum visibility), tall glass features, illuminated outdoor and digital signage, lighting, and vibrant colors make the location stand out. These brand features attract attention and sell to anyone, 24/7.

### Key Considerations

- being visible in an uber-competitive market.
- creating signature elements that align with the Utah First FCU brand, market and members.
- incorporating technology for a high-tech, high-touch environment while increasing efficiencies.
- using the project to develop a scalable kit of parts (detailing protocol, similar to a standard operating procedure) for the branch network.

With defined goals, design and technology decisions for the branch became easy.

Open glass windows, building placement, exterior and digital signage, as well as lighting and vibrant colors create a remarkable impact.

The CU’s universal financial experts are supported by teller towers and cash recyclers in an open floor plan enabling collaborative member conversation. Coupled with remote teller software, staff complete transactions from anywhere in the branch—fulfilling a key goal in the CU’s branching strategy.

An “expert nearby” room offers two-way video conferencing and connects members seamlessly with staff.

Product discovery and onboarding are encouraged through digital signage, including a “wow wall,” community board (dedicated to hyper-local content), interactive kiosks and tablets. Staff use these tools in working with members.

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





# Talent Competition

*Compensation is just one aspect of executive recruitment and retention.*

By Karen Bankston

In the last five years, the few senior managers USAlliance Financial Credit Union has recruited from outside the organization have come from other credit unions. But CUES Board member Kris VanBeek, CIE, CCE, suspects that if one of their own were lured away, it might be by a technology company.

“We like to think of ourselves as a technology company that just happens to operate in the highly regulated financial services spectrum,” says VanBeek, CEO of the \$1.3 billion Rye, N.Y., credit union (*usalliance.org*).

Regulatory restrictions limit the structure of long-term compensation credit unions can offer executives, which adds to the complexity of recruiting and retaining top talent in a widening market. Though those regulations might be revised as part of tax reform efforts before Congress as this article went to press, other challenges range from the state of the current recruitment market to the high demand for specific leadership skill sets.

Credit unions are currently recruiting senior managers in an “employees’ market,” says Deedee Myers, CEO of DDJ Myers (*ddjmyers.com*), a CUESolutions provider based in Phoenix. In contrast to the years of and following the Great Recession, when there were few job openings and hundreds of applicants, “we’re now in a market where candidates are starting to say no to offers in bigger numbers than I’ve noticed in probably 15 years.”

Compensation is only one factor executives consider when deciding whether to accept an employment offer, Myers says. They’re also assessing: Can I make a difference in this role with this organization? Is it a strategically sound role? Are the organization and its board progressive and strategic?

“If all those pieces are in play, then compensation needs to support everything else. No longer are candidates saying yes to any package. They’re holding out for something that is going to reward them for their time and energy,” she says. “That’s why we call it a rewards philosophy.”

## Stiff Competition

Three areas of executive skills and specialties now in high demand among credit unions reflect strategic shifts in the industry, suggests John Pesh, director of executive benefits with CUNA Mutual Group ([cunamutual.com](http://cunamutual.com)), a CUESolutions provider in Madison, Wis. Pesh is the subject matter consultant for *Non-Qualified Executive Benefits: A Guide for Credit Union Leadership*, a new ebook published by CUES and CUNA Mutual Group. (See [cues.org/cmng](http://cues.org/cmng).)

Expertise in data analytics is increasingly prized among credit unions implementing business intelligence initiatives across their organizations. “Certainly, executives who have a well-developed sense of how to get and use that information are in demand,” Pesh notes.

So are leaders with a solid understanding of the needs and preferences of millennials and a track record for building business with that crucial demographic, which is “of critical importance for credit unions to continue to grow and thrive,” he says.

A third skill set involves business lending experience, as credit unions look to introduce or expand this product line. Some are partnering with vendors or developing that expertise internally, but the talent market remains competitive for business lenders who have the knowledge needed to create an immediate boost in serving the business community.

Another trend among credit unions is the evolution of executive talent searches to emphasize leadership skills and capacity, often over domain expertise, Myers notes.

“Before the Great Recession, it was just ‘Get me a CFO who’s going to crunch the numbers and tell me where my risks are.’ Or ‘Get me an IT exec who’s going to make sure we have a safe and secure system,’” she says.

Now CEOs are looking for finance executives who can lead and contribute to strategic initiatives and CIOs who are forward-thinking about the digital future. And these days, lending is so crucial that credit unions want lending executives with proven leadership skills, Myers adds. Those three positions—finance, lending and IT leadership—are currently in high demand.

“What we’re also seeing over the last couple years in particular is that it’s not acceptable just to have siloed expertise. Candidates have got to be able to potentially take on other functions in the organization,” she says. “And when hiring

someone in an executive-level role, they’d better be ready to go out of the gate. It’s not acceptable to learn on the job for a year or two before they start contributing.”

## Aiming for ‘Cultural Fit’

The external recruitment at USAlliance Financial CU included hiring a new CFO when the former chief financial officer became chief operations officer and filling positions for vice presidents of consumer lending and branches. After working with an executive recruiting firm to narrow

**“We’re not looking for clones—we want that diversity. ... But we also want a culture of respect and the idea that team members can play off of each other.”**

**Kris VanBeek, CIE, CCE**

the field of candidates based on leadership and domain skills, “we were looking for an overall cultural fit. We’re not looking for clones—we want that diversity,” VanBeek says. “But we also want a culture of respect and the idea that team members can play off of each other.”

As a result, the interview process typically involves three or four in-person interviews, including several members of the senior management team chatting with candidates more informally to assess the ease and effectiveness of those interactions. It’s always hard to predict how prospective managers will work with others and contribute through a challenge or crisis, but an extended interview process provides some insights, VanBeek notes.

“We’ve had candidates that we’ve passed on after that third or fourth interview, and for others, those extended interactions just helped verify that they’d be a good fit,” he adds.

## Right-Sizing Compensation

In most areas of compensation and benefits, from salary to health care coverage to paid time off, CUs are on equal footing with other community financial institutions.

“The real challenge is in designing long-term compensation for executives, and that’s where private and public for-profit companies have a lot more flexibility ... to be creative in how they structure these types of plans,” Pesh says.

Public companies can supplement salary and bonus pay with qualified and nonqualified stock options, and for-profit private banks have more options in designing deferred compensation plans for their executives, he notes.

In comparison, not-for-profit status conveys more restrictions on the type and structure of executive compensation plans credit unions can offer, though some of those rules could be revised in the tax code overhaul. For now, the IRS sets out regulations for several options: 457(b) plans, which are designed to supplement select highly compensated employees’ retirement savings; 457(f) plans, a more flexible means to structure retention incentives and rewards throughout executives’ tenure on the job and in retirement; and split-dollar life insurance arrangements, another tool to provide additional retirement income.

“By and large, these plans are designed to enhance retention rather than the achievement of specific performance goals, but there has been a tiny shift in recent years,” with more interest in tying deferred compensation to strategic outcomes, Pesh says.

Though these plans are most often provided to CEOs, more credit unions are offering such benefits to other members of their senior management teams (see “Deferred Compensation by the Numbers”). The broad aim of widening the scope of deferred compensation to include more executives is to retain high performers, but a bigger-picture goal may be to support succession planning by protecting the credit union’s investment in grooming future leaders.

“Many boards today are being much more thoughtful about succession planning and using executive compensation as a part of the implementation of that strategy,” Pesh says.

As credit unions grow in size and complexity, their boards may need to revisit their executive compensation practices and philosophy to ensure that they are competitive in the market.

“We’re working really hard to help make that happen, so that credit unions don’t have to ‘settle’ for a CEO, so they can get and retain the best chief executive for their organization,” Myers says. “CEOs are often more advanced and informed about current compensation practices and trying to do the best they can for members of their executive team, but they may find



goals and circumstances. For example, CUNA Mutual Group worked with \$536 million NorthCountry Federal Credit Union ([northcountry.org](http://northcountry.org)), Burlington, Vt., to develop a 457(f) plan for its CEO, CUES member Bob Morgan, CSE, CCE. The plan is scheduled to pay out in increments timed to coincide with his three children heading for college. Tying those benefits to tuition payments enhanced the retention impact of that compensation, Morgan acknowledges.

rewarding and retaining the CEO, but has not yet done so for other senior management team members.

When for-profit financial institutions and tech companies are doing well, there are more immediate mechanisms to allow senior managers to share in the resulting financial gains, he notes. “Our credit union has doubled in size over the last five years, and we’re really excited to thrive in other markets as we go forward. But the default settings for credit unions are oriented toward more steady progression in long-term compensation.”

One more near-term executive retention tool that USAlliance Financial CU has found to be useful is a commitment to ongoing leadership development. Many of its vice presidents and senior vice presidents have been enrolled in CUES’ CEO Institute ([cues.org/institutes](http://cues.org/institutes)).

“The program offers them a broader perspective of financial institutions, and there is some prestige in attending the institute,” VanBeek says. “Some managers start the program with aspirations to someday become a CEO. I’ve seen instances where it either reinforced that goal or they finish the program and decide, ‘I’d be a great No. 2 executive.’”

In addition, managers who enroll in the CEO Institute “are making a three-year commitment, not only to the program but to our credit union as well,” he adds.

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*, Eugene, Ore.

## More on Exec Compensation

Steady Gains ([cues.org/0817steady](http://cues.org/0817steady))

Quiz: The Compensation Price is Right ([cues.org/0717quiz](http://cues.org/0717quiz))

Keep Turning the Hourglass ([cues.org/0617keep](http://cues.org/0617keep))

457(f) Plans Help CUs Keep Key Execs ([cues.org/113016skybox](http://cues.org/113016skybox))

Split-Dollar Plans: Tools for Retention ([cues.org/0717splitdollar](http://cues.org/0717splitdollar))

CUES Executive Compensation Survey ([cues.org/ecs](http://cues.org/ecs))

their own compensation constrained.”

CEOs are increasingly prepared to offer the same kinds of deferred compensation plans they are receiving, if scaled-down, to recruit and retain members of their executive teams. If the salary replacement target for a CEO’s long-term compensation plan is in the range of 65 to 70 percent, for example, plans for other executives might be at 45 to 50 percent, Myers notes.

Credit unions are also recognizing the need to move beyond a one-size-fits-all compensation plan for executives to customize benefits based on their individual

## Leadership Development as Retention Incentive

Incentive pay for all employees at USAlliance Financial CU is typically on an annual cycle based on the achievement of strategic goals set by the board, though the bonuses of senior managers may be at a higher rate than for other staff.

“That’s an important success factor for us—that you win or lose as a team,” VanBeek says.

The board has developed a long-term plan for VanBeek, primarily with the aim of

## Deferred Compensation by the Numbers

According to 2017 data from the *CUES Executive Compensation Survey* ([cues.org/ecs](http://cues.org/ecs)), 44.1 percent of participating credit unions offer their CEOs 457(b) plans; 35.6 percent have designed 457(f) plans for their chief executives; and 25.7 percent have developed split-dollar life insurance plans to supplement their CEOs’ retirement income. The use of these plans to reward and retain other executives is also on the rise, according to a new report from CUES and CUNA Mutual Group, *Non-Qualified Executive Benefits: A Guide for Credit Union Leadership* ([cues.org/cmjg](http://cues.org/cmjg)).

### Percentage of CUs Offering Deferred Compensation Plans by Position

	457(b) plan	457(f) plan	Split-dollar life insurance
CEO	44.1%	35.6%	25.7%
Executive Vice President	45.5%	28.6%	16.3%
Second Executive Officer	39.9%	19.3%	11.2%
Chief Operations Officer	37.5%	14.0%	9.8%
Chief Financial Officer	43.9%	19.9%	9.3%
Chief Lending Officer	35.8%	13.3%	4.8%
Branch/Member Service Executive	37.0%	13.5%	7.5%
Marketing Executive	39.1%	11.5%	4.4%
Human Resources Executive	47.2%	14.1%	7.4%
IS/E-Commerce Executive	41.5%	14.3%	4.4%



# Is your secure board portal easy to use?

**"We have found MyBoardPacket to be very easy to use and a big time saver"**

**Matt Kaubris, Chairman/CEO  
Oxford FCU**

## **Save time & money**

- ◆ Create meeting packets within moments
- ◆ Requires no IT skills to manage portal
- ◆ Great for loan approval committees



**Visit [MyBoardPacket.com](http://MyBoardPacket.com) for a free instant demo!**

# From Packets to Portals

*Board portal technology offers credit unions compelling benefits over the old way of conducting business.*

By Pamela Mills-Senn



As credit unions seek to incorporate greater efficiencies and reduce costs, many are turning to board portals—software that enables the board to conduct its business, hold meetings, and communicate with other board members and the C-suite in a digital format, rather than relying on paper packets, email or some combination of both.

The portals come with numerous advantages, says Andrew Mcilwaine, account executive for Aprio Inc. (*aprio.net*), a CUES strategic partner. Headquartered in Vancouver, British Columbia, the technology company provides the Aprio board portal software and serves an array of organizations, credit unions in particular.

As Mcilwaine explains, portals make good governance much easier by enabling boards to distribute information securely to other members as soon as it's available. The information is exactly comparable to what was held in a paper board packet, only now it can be sent to every device, whether desktop, laptop, smartphone or tablet. Board members can access the material at the same time or go back and review it as needed.

“The board of directors can use the portals for their monthly meetings as can the C-suite, with digital agendas that take members right to key documents and with pre-meeting collaboration to reach informed decisions faster,” he says. “Between meetings when there are updates, alerts can be instantly sent to board members; it's a very dynamic and creative way to keep every director equally in the loop.”

Credit unions especially like being able to easily and quickly make information available, getting it in front of the board as soon as it's ready, says Mark Anderson, CEO of Banc Intranets LLC (*bancintranets.com*). Headquartered in Johnson City, Tenn., the company is a provider of content and document management tools specifically targeted at credit unions, including a board portal and intranet solutions. This capability results in a better-prepared board, allowing them to conduct more efficient meetings and get more accomplished in a shorter amount of time, he says.

Portals also offer far greater security compared to paper packets, Anderson continues. “There's always a risk that a board packet will be left lying on a desk, in a briefcase or misfiled,” he explains. “These documents catalog a lot of information a credit union wouldn't necessarily want open to the public, so a board portal provides a way for credit unions to keep all of that information in a secure digital platform.”

Additionally, says Mcilwaine, there's never a concern about a lost laptop or smartphone with board information on it because of the security offered by data encryption. For example, Aprio's portal app is encrypted. The data is also encrypted when accessed in the browser, when it's in transit and when it's at rest.

“In our case, the data isn't downloaded or stored on a device,” Mcilwaine says. “With the Aprio app, data is kept secure, and at any time the administrator can wipe the app clean.”

System-wide data encryption is standard for portal software. Still, credit unions should be certain to inquire about what kind of encryption is in place.

Most portal software also allows boards to control access to documents, allowing them to designate who can see what and who can do what to a particular document or documents.

Plus, the portals typically allow boards to track who has interacted with a document and what that interaction was. But again, these are features credit unions should ask the software provider about.

## Beyond the Board

While credit unions are using portals for organizing and preparing for board meetings and to facilitate collaboration on board issues outside of regular meetings, says Mcilwaine, some also use portals for executive team meetings, and some organizations use them for committee and staff meetings, team meetings and regular company meetings.

Once credit unions start using a board portal, it's fairly common for them to quickly branch out, says Kenny O'Reilly, president of MyBoardPacket.com (*myboardpacket.com*), an Arroyo Grande, Calif., portal provider. For example, loan approval committees are using the company's board portal "with great success," he says.

Mcilwaine says he's seen credit unions deploy portals for a variety of purposes, such as:

- encouraging greater participation of all board members. For example, there may be one director who is very dominant and monopolizes the conversation at meetings. The administrator can start or direct a discussion group within the portal, requiring that everyone contribute. "This can all be managed by the administrator, who controls the discussion," says Mcilwaine.

- conducting confidential surveys, including evaluating individual director or total board performance. (Each director rates the others or total board impact.) Surveys can be confidential or non-confidential.

- facilitating C-suite communication. The C-suite can communicate with the board of directors or with others in the C-suite. Also, portals can be used by *any* persons in the company having authorized access.

Consider Grant Sheehan, CEO of the National Council of Firefighter Credit Unions Inc. (*ncofcu.org*). In existence for six years and headquartered in Miami, NCOFCU is a trade group consisting of 100 credit unions nationwide that primarily serve firefighters and first responders. The board has nine members, plus Sheehan. They've used the MyBoardPacket solution since their inception, he says.

**"There's always a risk that a board packet will be left lying on a desk, in a briefcase or misfiled."**

**Mark Anderson**

"One of the biggest advantages is that it allows the board to attend meetings and access information from wherever they are—in their cars, offices, on vacation or at home, and from a variety of devices," says Sheehan. "It makes it very easy to conduct business. I like the fact it keeps everyone on the same page and ensures everyone gets the information at the same time."

In addition to the material required for their monthly meetings, Sheehan says they also use the portal to upload all policies and procedures, make any changes to the bylaws, hold votes and for discussion items. They also put the organization's financials on the portal for the accountant to review.

"Thinking of a board portal as only being of value for the board itself is a mistake," says Anderson. "Just because it's a board portal doesn't necessarily mean it can't be used by other committees or employees of the credit union. To get the most out of a board portal, credit unions must look at it as a flexible piece of technology that fulfills multiple needs."

"We've won back time and gained flexibility with our meeting prep," using Aprio's board portal, says CUES member Amy Nelson, CEO of \$105.8 million Point West Credit Union (*pointwestcu.com*), Portland, Ore. "It used to take the effort of six people to get board packet elements all posted, and our process demanded we all be working together at one time for four to eight hours. Using Aprio, we can create the board packet and corresponding email communication in under two hours—our last packet took less than one hour."

## Portal Adoption Strategies

Most portal software providers, cognizant of technology's intimidation factor, have taken great pains to make their products extremely intuitive and easy to use.

In fact, although credit unions often express concern that they'll need an IT department to manage board portals, this is usually not the case. ("Also, as the CEO, you may have a fiduciary duty to limit access of certain documents from employees who are not on the board of directors," O'Reilly reminds.)

Once introduced to the advantages portals offer, most people are pretty excited about onboarding, especially those tasked with compiling and distributing the board packets.

Still, credit unions may encounter some resistance from board members hesitant to embrace a new way of conducting business. How to address and override this reluctance?

"Progressive board members can persuade an organization to adopt a portal, or a C-level [executive] can convince the organization or IT department or board administrator," says Mcilwaine. "The important idea is there should be a thought leader in the company that says, 'We're going to move forward with this for these benefits,' and champions a timely action plan to make the shift from whatever system they had previously used, including holding directors accountable for their roles in getting on board."

There are other strategies that help promote buy-in and use. Mcilwaine emphasizes that it's important to have personalized training in place, someone who will show users how it is going to be a time savings to do what they need to do within the portal, that it's easy and that there's no shame in needing to learn something new. What administrators want to know is different from directors or committee chairs—make sure you meet individual needs.

"We had a board portal in place that was highly cumbersome," says Nelson. "Our directors and management team didn't want to use it, because it took an inordinate amount of time to load, download or organize documents, was not intuitive, and lacked mobile compatibility." The CU switched to Aprio's product after she saw a presentation at a conference. "Just having technology doesn't help you; it has to be the *right* technology, which is



## Finding the Fit

As the technology behind board portals has improved, a growing number of credit unions are embracing it. Consequently, more and more vendors are offering portal solutions, says Mark Anderson, CEO of Banc Intranets LLC (*bancintranets.com*), a board portal and intranet solutions provider located in Johnson City, Tenn.

Although it's nice to have options, more players can make the task of narrowing down the choices a bit onerous. Perhaps not surprisingly, Anderson advises credit unions to opt for solution providers specializing in the financial arena. As he explains, solution providers specializing in the credit union industry know the regulations and government requirements these institutions face.

"We understand why a credit union might need a specific function or capability, and it's our job to facilitate those needs," he explains.

Of course, price, functionality, security and ease of use are important considerations, but what else should credit unions take into account when winnowing their lists down to the likeliest suppliers? Anderson suggests asking the following questions:

- Compared to what they're currently doing or using, will the portal create efficiencies and cost savings?
- Will they want to store data in the cloud or on the premises? Some providers offer both options; some do not. "The technology provider will ensure the data is secure on the cloud regardless," says Anderson. "So, this is really a question of pricing."
- Will the portal be used for other activities? Again, pricing can be a consideration as some providers charge by the user (or blocks of users), while some offer an all-inclusive fee.

Also, be sure to ask about ongoing support and training, says Andrew McIlwaine, account executive for Aprio Inc. (*aprio.net*), Vancouver, British Columbia, a board portal provider and CUES strategic partner. We all learn by doing, so questions will arise when using new technology—ensure there's immediate help available by phone or email. And ask portal vendors about ongoing training leading up to the first board meeting, after a year of technology use, and as new features arise—that's the key to making technology useful and practical, respecting people's busy lives, he says.

user-friendly, fun to use, and can be easily enhanced over time." (Read a case study about Point West CU's use of its board portal at [tinyurl.com/PointWestCaseStudy](http://tinyurl.com/PointWestCaseStudy).)

Sheehan says he didn't encounter any resistance from the NCOFCU board to conduct business via a portal. Nor did he experience any push-back when he introduced the technology to his previous seven-member board while serving as CEO of the Miami Firefighters Federal

Credit Union—a position he held for 12 years before founding the NCOFCU.

When he first arrived at Miami Firefighters FCU, board business was conducted in the traditional way via paper and email.

About a year-and-a-half into his stint, he moved the board to the MyBoardPortal software, recalling that they "took to it readily."

One thing Sheehan says can help in the

transition from paper to portal is making sure all board members have the mobile devices they need to fully use the technology and that they're not tethered to their desktop computers.

As he explains, the ability to access board information and attend meetings from anywhere is a strong selling point.

Involving some key board members in the decision-making process will also encourage buy-in, says Anderson. Then, once a solution has been implemented, a best practice for encouraging use is to offer no other options.

"Implement a weaning process," Anderson advises. "Set a time by which everything will only appear on the portal, rather than on email or in packets."

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

## Board Resources

Technology Improves Board Governance  
([cues.org/1217technology](http://cues.org/1217technology))

The Big Purchase Decision  
([cues.org/1117bigpurchase](http://cues.org/1117bigpurchase))

No Buyer's Remorse  
([cues.org/0917buyersremorse](http://cues.org/0917buyersremorse))

Securing Every Single Message  
([cues.org/0617securing](http://cues.org/0617securing))

Bringing the Board Online  
([cues.org/0214bringing](http://cues.org/0214bringing))

In Support of Strategy  
([cues.org/0715insupport](http://cues.org/0715insupport))

CUES' Center for Credit Union Board Excellence ([cues.org/ccube](http://cues.org/ccube))



Personalized Content  
Search **myCues**





**Is Your Loan  
Marketing  
Missing the  
Target?**

Not anymore. With Harland Clarke's intelligent approach to loan marketing, you're no longer shooting in the dark. From identifying loan shoppers when they're in the market, to finding eligible prospects who meet your lending criteria, Harland Clarke's suite of loan marketing solutions is sure to hit the target. When it comes to loan marketing, it's not luck.

It's Harland Clarke.

[harlandclarke.com/LoanMarketing](http://harlandclarke.com/LoanMarketing)



**HARLAND CLARKE®**

1.800.351.3843 [contactHC@harlandclarke.com](mailto:contactHC@harlandclarke.com)

LoanEngine™ · Shopper Alert™ · Refi Genius™ · Loan Magnet™

© 2018 Harland Clarke Corp. LoanEngine, Shopper Alert, Refi Genius and Loan Magnet are trademarks of Harland Clarke. All rights reserved.

# CUES Symposium Sponsors

Thank you to the following firms for their support at CUES Symposium:  
A CEO/Chairman Exchange ([cues.org/symp](http://cues.org/symp)), Jan. 28-Feb. 1 at the  
Grand Hyatt Kauai Resort & Spa in Koloa, Kauai, Hawaii.

## PLATINUM Level Sponsors



[cunamutual.com](http://cunamutual.com)  
800.356.2644



Advancing Leadership Success  
[ddjmyers.com](http://ddjmyers.com)  
800.574.8877



[visa.com](http://visa.com)  
888 847 2242, Option 2

## GOLD Level Sponsors



[mastercard.us](http://mastercard.us)  
914.249.2000



O.M. Financial Group  
[omfingroup.com](http://omfingroup.com)  
516.639.0556

## SILVER Level Sponsors



[aprio.net](http://aprio.net) | 855.55.APRI0



[bfbenefit.com](http://bfbenefit.com) | 877.332.2265



[cuinsight.com](http://cuinsight.com) | 864.590.5511



John M. Floyd & Associates  
[JMFA.com](http://JMFA.com) | 800.809.2307



[pscucorp.com](http://pscucorp.com) | 844.367.7728



[sheetgroup.com](http://sheetgroup.com) | 407.217.2301



STRATEGIC RESOURCE MANAGEMENT

[srmcorp.com](http://srmcorp.com) | 901.681.0204



[swbc.com](http://swbc.com) | 866.316.1162



[myvelocity.com](http://myvelocity.com) | 954.847.5800

This list represents all confirmed sponsors as of Dec. 6. A complete list of sponsors can be found at [cues.org/symp](http://cues.org/symp).

# CUES Governance Leadership Institute™

April 15–18, 2018  
Florida International University  
Miami

June 10–13, 2018  
Joseph L. Rotman School of Management  
University of Toronto  
Ontario, Canada



The fiduciary responsibility credit union board members and executives hold can't be taken lightly. Plan now to attend this prestigious program created specifically for the industry.

You'll learn how good governance can protect you as you examine leadership, strategy, and effective meetings, and gain a thorough understanding of key issues including risk management, influencing change, and succession planning.

Register today at [cues.org/gli](http://cues.org/gli).



Earn the prestigious Certified Credit Union Director designation.



# Time for Data Amplification

*Tap into a treasure trove of member information.*

By Stephanie Schwenn Sebring

Credit unions have at their fingertips a treasure trove of member data points—from transactional data, purchase history, bill-pay info to social media posts. The trick is finding this data, then aligning it with defined corporate goals. Cutting through to core objectives is the first step. Next is organizing your resources to collect and interpret the data—for a myriad of reasons. Here we examine how data can impact lending, CECL, debit and credit usage, and managing marketing and even environmental sustainability.

The list of analytics projects is long, says Greg Nolder, VP/analytics for \$650 million Denali Federal Credit Union ([denalifcu.org](http://denalifcu.org)), Anchorage, Alaska, and typically, a CU's human bandwidth isn't enough to address every point. "This makes it critical to collaborate and determine your objectives first, and that the data aligns with the goals of your organization. Narrow your priorities, then take a tactical approach, so each goal becomes a project management process." This includes project proposal, approval and milestone tracking.

## Use Data to Grow Loans

Data has vastly improved the lending cycle, from the speed of loan approval and intuitive offers to highly targeted pricing. "By utilizing decision data, 95 percent of automated loan decisions (system-approved) are funded an astounding 95 percent of the time," says Michael Cochrum, VP/analytics and advisory services at CUES Supplier member CU Direct ([cudirect.com](http://cudirect.com)), Ontario, Calif. "But if a member must wait five minutes for that same decision, the loan will be funded only 65 percent of the time."

It's a telling statistic; today's consumer expects an immediate response and gratification. "Let your data provide it," he adds. "Use data to rewrite the decision rules to prevent losing easy loan dollars or keep your member from waiting."

For example, a lender refers applications for manual underwriting where loan-to-value exceeds its guidelines. If the borrower qualifies for the loan amount requested, the application can be approved, and a stipulation added for the maximum LTV. Here, the lender can make credit decisions as separate process decisions.

Another benefit: Automated decisions can often be less risky than those manually underwritten because they're more consistent and unaffected by extraneous information. They also save on resources and can lower costs by increasing the number of loans funded per underwriter and shifting future investments to less expensive technology solutions rather than additional human resources. CU Direct's Lending 360 loan origination system platform and the company's Lending Insights loan portfolio management system can both automate the lending decision and process workflows, provide business intelligence reporting and help lenders identify loans with a propensity for future loss.

"As loan volume increases, you'll still need sufficient staff to disburse," says Michael Cochrum. "But you'll be able to align your resources more appropriately."







## Price Loans More Effectively

Using collective performance portfolio data, credit unions can tap into compelling data that goes well beyond credit scores—to pinpoint more accurate loan pricing.

“Two people can have identical credit scores at the time of loan approval and get the same price for the loan,” explains Cochrum. “But there is a difference in the probability of default based on other factors. When you identify these factors, you gain a clearer picture.”

Variables can include the ratio of debt to income, revolving credit ratios and LTV. Extending the parameters in how you approve and price a loan enables approval of more loans and lowers portfolio risk. Ultimately, you gain a refined and much more robust risk-based pricing system.

## Review Credit Score Migration

Reassessing a loan’s risk at different stages and developing migration and collection strategies based on an ever-changing environment is an equally important analysis.

“Members are continually migrating up or down [risk-wise] within the portfolio. Very few stay where they started,” adds Cochrum. “Assessing a range of data can impact underwriting and reduce charge-offs. It can also empower your staff to intervene earlier (if a loan is moving

downwards) and in more helpful ways.”

He notes that in such variable rate scenarios as credit cards, CUs could change the rate based on a change in credit score. Also, in revolving credit scenarios, they could increase or decrease the available credit limit.

Dialing down to the granular data helps maximize profits and reduce risk—while cataloging data on a wider scale from a broader group of members gives clarity. “But if you’re not charging enough for riskier loans or simply looking at your portfolio from the surface, you risk your portfolio’s profitability,” says Cochrum.

## 2020 CECL Assessments

Preparing for the new Current Expected Credit Loss allowance methodology ([tinyurl.com/ybmsflv7](https://tinyurl.com/ybmsflv7)) could prove challenging. CECL will require a more sophisticated modeling technique to predict loan and lease losses than what’s traditionally used by CUs. This mandatory standard employs a forward-looking forecast of credit losses rather than a historical “moving average.” The amount and complexity of data required to drive these forecasts will escalate as CUs transition to the methodology, and new technologies for data warehousing and approaches to forecasting will become crucial.

“In theory, CUs could be required to hold 50 to up to 300 percent more in reserves under the new regulations,” explains Nolder. “At Denali, our response has been to form Deep Future Analytics ([deepfutureanalytics.com](https://deepfutureanalytics.com)), a CUSO dedicated to developing refined predictive analytics for loan portfolio management and optimization, including CECL allowance calculations.”

The Deep Future Analytics CECL calculation is robust, adds Nolder, incorporating lifecycle, vintage quality, seasonality and economic scenarios to identify a highly accurate figure.

For data collection, organization, storage and retrieval, Denali FCU uses the OnApproach M360 data warehouse. OnApproach ([onapproach.com](https://onapproach.com)) is another CUSO, with 14 owners, including 11 CUs and one league. Its newest technology, written to the CUFx ([cues.org/0116cufx](https://cues.org/0116cufx)) standard enables data pooling between CUs and vendors. This credit union-centric, standards-driven data ecosystem will enable new and improved solutions for CUs directly and with system partners.

## Dissect Card Portfolios

“There are many more pieces to the data puzzle than you realize,” says David Ross, vice president of PSCU’s Advisors Plus Predictive Analytics,



well. “We use it to collect information on individuals interested in our services—primarily for our business services and investment services departments and providing relevant leads,” says Fernandez.

He notes that it takes time to absorb the capabilities of HubSpot and the CU is still moving towards more prolific usage and sales goal implementation.

The CU is also revamping its three websites (one for consumer banking, one for business banking and one for investment services) to incorporate more inbound marketing strategies.

“Goals include the transition of each site into an effective sales branch,” adds Fernandez. “We’re also adding tools so that members can research information and we can track their steps.

“Our previous websites, written by a local web developer, didn’t allow us to track viewing patterns adequately,” continues Fernandez. “As changes occurred in the digital realm, we lost the ability to monitor key information, such as site traffic, landing page performance, etc. The transformation of our content management system from the older web design to the universally known WordPress now enables us to track many more data points and trends.”

“We look at the typical metrics,” says Ian Skinner, digital marketing strategist at Denali FCU, “including email opens and clicks, landing page views and form submissions. We also track every message that uses the HubSpot tool in some way. These range from security alerts and product updates to newsletters. Best practices include studying reports weekly, examining email and landing page performance as well as form submission activity.”

“The best use of HubSpot for us is the tracking of viewer patterns,” adds Fernandez. “If a member receives an email about an auto loan, we can follow the member’s interest (using a response mechanism within the email, which leaves a cookie on the member’s computer), and subsequently, track whether the member goes to our website to view rates or auto loan information.”

HubSpot’s digital tracking system will evolve into a collaborative, more powerful sales tool. “By tracking the member’s digital footprint, we’ll know when the member is interested in a product and if there is an opportunity to make a ‘warm’ follow-up sales call,” adds Fernandez.

The use of HubSpot’s digital tracking system will continue to evolve for Denali

a CUES Supplier member (*psc.com/advisors-plus*), St. Petersburg, Fla. His role is to leverage industry analytics and benchmarking statistics alongside PSCU-specific transactional data.

Ross advises dissecting your data in several ways. For example, he advises CUs not only to monitor balances in ongoing credit or debit card campaigns, but also to continue to evaluate portfolio performance in subsequent months. Understanding the lift in your members’ spend by uncovering the underlying changes in their transactions is key. Did the average purchase amount increase? Did the type of merchant where the member shops change? Did the member use the card more frequently?

This knowledge can be leveraged to drive incremental improvements in interchange income. And by tracking what messages impact which members, an iterative process using data-based analytics can facilitate more refined targeting in future campaigns.

“Data can also be used to study your card portfolios more intuitively,” says Ross. “Specifically, why do members philosophically choose to use debit or credit? Is it because they don’t want to carry debt? Such techniques as clustering analysis can help you identify groups of members who have similar purchasing preferences and motivations. Once you know what drives the behavior of a group, you only need to identify which group a member belongs to in order to know what is behind that person’s decisions and if an offer to that member will cause spend to go up.”

Data techniques, such as “survival analysis,” which analyzes the expected duration of time until one or more events happen, can help CUs predict what their members are going to do next with their cards. For example, CUs can detect those at risk of

becoming a detractor (unhappy or likely to complain) or of closing the card and leaving.

Data insight can and does impact the member experience. Your goal is to ensure that it is a positive one.

“Consider a member who has been traveling for a period, then attempts to check into a hotel but is over his or her limit,” suggests Ross. “By understanding the circumstance and looking at variables, for example, on-time payments and spending patterns, you may decide to approve the transaction—saving the member frustration or embarrassment. Data can help you to build the story to see if approving the transaction makes sense and results in a better outcome.”



### Making Marketing Platforms Hum

HubSpot (*hubspot.com*) is a primary tool used by Denali FCU for tracking marketing response and member views across channels, including

Facebook, Twitter and email. Along with Google Analytics, HubSpot provides in-depth analysis of viewer behavior—how and when a member acts on an offer or specific message.

“For example, a member may receive an email about a CD offer, see a similar ad on the CU’s website, followed by a Facebook ad,” explains Keith Fernandez, VP/corporate development. “After three views, the member finally clicks on the Facebook ad. HubSpot directs that lead to the marketing department, and we can then direct it to our outbound call center. We then monitor the member’s final action if it occurs within the channels HubSpot supports.”

The CU has successfully integrated HubSpot tools into email campaigns as

# Execu/Summit®

March 11–16, 2018  
The Summit at Big Sky  
Big Sky, Mont.

Earn up to 21.5 CPE credits!

## Reach the Peak of Excellence

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

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

Execu/Summit takes place at the height of the ski season, so make plans early! Take a look at this year's speakers and topics, and register now at [cues.org/es](http://cues.org/es). Rates increase \$400 after January 19, 2018.



FCU. The CU plans to expand its lead-generation capabilities and inbound marketing competency with new website improvements.



### A Small CU's Data Culture

It's unusual for a CU with just \$81 million in assets to have a full-time data analyst. Cassidy

Cochrum holds this role at Ohio Healthcare FCU ([webcuohio.com](http://webcuohio.com)), Columbus, and believes data should play an essential role in operations no matter your CU's asset size or number of members. (Like father, like daughter: CU Direct's Michael Cochrum is her dad!)

The CU also works with OnApproach, using its M360 software for predictive analyses, strategic dashboards and flexible reporting for the CU's business units. The CUSO encompasses 50 CUs that collaborate on formulas, software products and pools of member data for predictive analyses.

Leaders also see a variety of reports on demand, such as loan origination opportunities and aspects of portfolio performance. Weekly, they review risk management reports, including delinquent accounts and accounts not onboarded correctly. Monthly, they analyze the loan pipeline—the number and types of loans closed, dollars disbursed and overall portfolio performance. Accounting uses month-end reports, monitoring items such as net worth concentration and GL performance compared to budget.

"When tracking loan statistics, we look for the outliers, such as a spike in loan volume or a concentration of dollars by loan type, and we build strategies around the data," explains Cassidy Cochrum. "For example, we noticed our risk concentration for E paper loans had been declining over time. While some might see this as positive, we suspected that perhaps we were underserving members with E paper grades. Now we're planning to review this group's transactional data to see if they're using payday lenders. If so, we can highlight our partnership with Accel Members Financial Counseling ([accelservices.org](http://accelservices.org)) or offer products that would better suit them financially."

No matter your goals, grasping your data's historical perspective and garnering appropriate intelligence enables you to craft and

implement more thoughtful strategies—throughout the marketing plan.



### Sustainability Goals

\$4.9 billion United Nations Federal Credit Union ([unfcu.org](http://unfcu.org)), New York, aspires for a positive impact on environmental and resource conservation, and it uses

data to help reach these goals.

With sustainability as a core value, staff members have an opportunity to shine with the CU's Global Sustainability Program. Consisting of 40 United Nations FCU employees (who volunteered to be part of the program), the GSP team is responsible for setting goals, implementing strategies and communicating results. Nine executive advisory committee members also guide and support action planning and goal completion, using data as the foundation. The result is a rigorous sustainability plan.

The primary goal is to achieve and sustain carbon neutrality using these strategies:

- mitigate 100 percent of greenhouse gas emissions;
- reduce paper use by 25 percent;
- ensure 70 percent of paper used is certified sustainable; and
- reduce energy use by 7 percent in operationally controlled buildings (in some leased facilities, the CU cannot control energy use).

A secondary goal is to demonstrate sustainable business practices by:

- implementing travel guidelines that suggest employees should use energy-efficient modes of travel—such as train versus plane, if possible—and stay in green hotels when on business travel;
- launching purchasing guidelines to ensure the products and services the CU purchases align with sustainability goals. Vendors are asked about their sustainability practices, and whether their products and services meet specific sustainable product guidelines (for example, if the product is certified to be more energy-efficient or made from recycled materials); and
- developing and launching green products.

A final goal is to be transparent and inspire others by producing an annual sustainability report.

It can't be overstated the role analytics play in this effort.

"We hold ourselves to a high standard for measuring and mitigating carbon emissions," says Pamela Agnone,

SVP/retail services for the CU and the executive sponsor of the UNFCU Global Sustainability Program, adding that United Nations FCU's report was the culmination of extensive analysis, benchmarking and sound business decisions.

"Inspired by our board of directors' vision and our members' humanitarian purpose, we want to share ideas and strategy on sustainability with credit unions in the U.S. and abroad to (ultimately) have a collective, positive impact on the world."

### Determining Baselines

The CU established three categories for baseline analysis based on 2015 usage—greenhouse gas emissions for carbon neutrality, paper reduction and energy reduction.

"At the onset, we measured how many metric tons of CO2 we were emitting across all 12 locations," explains Jill Guzzo, United Nations FCU's manager/marketing research and analytics. "Next, using mathematical formulas, we established targets for electric usage reduction that are appropriate to our facilities and have a meaningful impact on reducing our carbon footprint. Then, we offset our emissions" using renewable energy credits from suppliers certified by Green-e ([green-e.org](http://green-e.org)).

UNFCU purchased credits from US-wind power production partners along with verified carbon offsets to mitigate all GHG emissions from energy use and business travel.

The CU also hired sustainability consulting firm, Kosmenko & Co. ([kosmenko.co](http://kosmenko.co)), Boulder, Colo., to assist with the program's roadmap and energy offset selections.

"It can be complicated working with vendors to purchase reliable offsets for carbon neutrality, and make decisions on what to include in your GHG inventory," explains Guzzo. "Our facilities and real estate department worked diligently on achieving LEED (Leadership in Energy and Environmental Design) gold and silver certifications for our headquarters in Long Island City, N.Y., and branch in Washington, D.C. With our consultant and internal experts, we structured the program and purchased the appropriate offsets."

### Measuring Sustainability

To create the baseline GHG inventory, Guzzo and her in-house facilities and real estate colleagues collected data



## Plan Now for a Profitable 2018

CUES' Schools feature top instructors with real-world knowledge, convenient locations and short time spans. You'll find topics no matter your job role, with curriculums diving deep into the matter at hand. Register now for the schools happening in Spring 2018 at [cues.org/schools](http://cues.org/schools).

### CUES School of Business Lending™



#### **School I: *Business Lending Fundamentals***

April 30–May 4 | Orlando, Fla.



#### **CUES School of Applied Strategic Management™**

April 30–May 3 | Orlando, Fla.



#### **School II: *Financial Analysis and Diagnostic Assessment***

July 16–20 | Seattle



#### **CUES Certificate in Business Lending**

September 13–14 | Denver



#### **School III: *Strategic Business Lending***

September 10–14 | Denver

Find out how to earn your CUES Certificate in Business Lending—visit [cues.org/cbl](http://cues.org/cbl) now!



**CUES members save big: Sign up for all three weeks of CUES School of Business Lending at once and save \$495 per school!**





## Find the Right Data Talent

There are two ways to cultivate analytics skills at your CU: You can submerge an external hire in your business or groom an internal candidate.

Jeff Rosenbeck, VP/enterprise analytics and business intelligence at CUES Supplier member PSCU ([psc.com](http://psc.com)), St. Petersburg, Fla., notes that it is increasingly difficult to find external talent that can move into a CU's

business space, and typically easier to teach the reporting and analytic skills to a current employee who already knows the business.

"Either approach requires that a CU has staff to dedicate to the learning curve—be it business context or methods," adds Rosenbeck. "It is rare to find that person with both the business and analytic acumen, but when you find them, don't let them go!"

There are creative ways to cultivate these high-in-demand individuals.

"Try reaching out to the community colleges; offer an internship," suggests Rosenbeck. "You may not get the business acumen, but you will get the skills to boost your internal horsepower. And do an active search within your organization. You'll likely be surprised at the interest level in your operational staff who regularly work with data and—despite being focused on specific processes—know more about your overall business than you expect."

Traits to look for:

- inquisitive—and hungry to understand the data;
- driven—the technical prowess and ability to access the info no matter the toolset; and
- action-oriented—understands how to create a business outcome.

There's a shortage of data scientists, adds Michael Cochrum, VP/analytics and advisory services at CUES Supplier member CU Direct ([cudirect.com](http://cudirect.com)), Ontario, Calif., and even fewer who possess coding and technology experience, the mathematics background to build formulas and understand the business.

"Look to your partners for help with data and the consultative piece," he advises. "Many situations don't require an in-house expert."

### Need Help?

Help is out there. You might try groups like CULytics ([culytics.com](http://culytics.com)), an analytics collaboration available to CU employees at every level, to network, discuss issues and exchange information. CU Direct's Advisory Services ([tinyurl.com/yb242rvq](http://tinyurl.com/yb242rvq)) also provides similar services to CUs within the CUSO model.

Understand the data, don't dismiss it, concludes Cochrum. "It can boost your service and give confidence to decisions. Start small and incrementally get better."

## Getting Started

If you're considering a similar project, it's imperative to understand and define your CU's goals first, stresses Guzzo. "What aspects of sustainability are important? Do you have the capacity (or resources) to achieve your goals? Are your goals statistically measurable?"

Next, set your timeline. Map a path for how you will obtain the data. Hire a consultant to guide you—one who understands the industry's best practices, can work with offset suppliers and knows the procurement process.

Determine key spend categories and start with good analyses. "Start with your vision and have your data get you to your vision," adds Guzzo. "Your executive team will be the visionaries, but the data analysts will enable you to reach your goals."

United Nations FCU's efforts coalesced into a unique and inspiring GSP initiative, with results published in its *2016 Sustainability Report*, available publicly at [tinyurl.com/unfcusustainability](http://tinyurl.com/unfcusustainability). "The report brings the data to life," concludes Guzzo. "We look forward to achieving our five-year goals while serving an ever-growing membership base."

Stephanie Schwenn Sebring *established and managed the marketing departments for three CUs 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.*

### Data Resources

Loan Zone: Gathering CECL-Required Data by the Effective Date ([cues.org/1017loanzone](http://cues.org/1017loanzone))

Data-First Cultures ([cues.org/0717datafirst](http://cues.org/0717datafirst))

Automating Data-Centric Credit Unions ([cues.org/0717datacentric](http://cues.org/0717datacentric))

Getting Smart With Member Data ([cues.org/0116gettingsmart](http://cues.org/0116gettingsmart))

Data-Driven Direction ([cues.org/0217datadriven](http://cues.org/0217datadriven))

CUES School of Strategic Marketing ([cues.org/ssm1](http://cues.org/ssm1))

for the CU's gas, oil, electric and steam usage and delivered it to Kosmenko. The CU's business and IT analysts also gathered business travel data for inclusion in the GHG accounting process.

Once the GHG baseline was complete, Agnone and the executive advisory committee recommended achieving carbon neutrality for 2016 emissions by making performance improvements in energy efficiency and using offsets for the remaining usage.

The benchmark for paper usage was

a more challenging and voluminous metric to analyze. The CU measured the copy paper used at all offices, as well as stationery and business cards, third-party statement paper and marketing collateral. GSP team members across six departments gathered paper-use data and ensured green paper sources were used.

"The baseline data took the better part of 2016 to complete," explains Guzzo. "It also required an aggregated analysis and modeling to ensure the reduction goals were feasible."

# Payments University

August 13–14, 2018

Embassy Suites by Hilton  
Denver Downtown Convention Center

## Keep Up With the Speed of Payments

Sharpen your skills, develop a strong payments strategy, and prepare your CU for an uncertain competitive landscape when you attend Payments University.

This event's unique format combines live-taught online courses with in person classroom sessions, seamlessly led by world-class instructors. You'll:

- › **Learn to identify “weak signals”** and leave with an understanding of emerging opportunities and challenges that can make or break your payments strategy
- › **Discover how to build consensus** for new ideas throughout your credit union

Earn the Certified Payments Strategist (CPS) designation when you complete all course work and assigned projects.

Register now at [cues.org/payments](http://cues.org/payments).

To honor former CO-OP CEO Stan Hollen's significant industry contributions, CUES is offering two full scholarships to attend Payments University.



Developed by CUES and Co-Op Financial Services

## New Board Portal Offering



CUES, in partnership with Aprío Inc., Vancouver, British Columbia, is bringing Aprío board portal software ([aprio.net/demo-cues](http://aprio.net/demo-cues)) to its members.

Aprío software makes managing a board, running productive board meetings, and sharing confidential information more convenient.

“We are excited to make communicating with directors simple and affordable,” says CUES President/CEO John Pembroke. “As credit unions continue to grow in the digital age, their needs for managing board relations have become more sophisticated. With Aprío, our goal is to provide an industry-leading service and streamline the process for board members and their administrators, while strengthening the engagement and governance of credit union board members.”

With Aprío, directors will have instant access to the latest meeting agendas and documents, mobile access from anywhere in the world, in-software note taking, and easy file uploading and sharing for all devices. Aprío provides a feature-rich and secure experience, making good governance simple and affordable for credit unions of any size.

“We are honored to bring CUES members software that makes it simple to achieve transparent communication, efficient decisions and well-run board meetings,” says Ian Warner, president/CEO of Aprío. “Credit unions care deeply about engaging their members and Aprío software extends that promise to board directors.”

Using the Aprío board portal software, credit union board administrators will be able to consolidate the board meeting preparation process with one-stop access for members to the year’s meeting calendar, board documents, contacts and more. Take a look now at [aprio.net/demo-cues](http://aprio.net/demo-cues).

Read more about board portals on p. 30.

CUES has several governance resources for credit union boards, including *Board Governance Assessment* ([cues.org/bga](http://cues.org/bga)) and *Director Skills Assessment* ([cues.org/dsa](http://cues.org/dsa)); *CUES eVote* ([cues.org/evote](http://cues.org/evote)); a partnership for governance with *Quantum Governance LLC* ([cues.org/qg](http://cues.org/qg)); and, coming Jan. 10, a new report: *The State of CU Governance, 2018* ([cues.org/governancereport](http://cues.org/governancereport)).

## Thank You, Supplier Member Advisory Committee!

CUES announces the 2018 CUES Supplier Member Advisory Committee. Members include:

- Chairman: Randy Smith, co-founder/publisher, *CUInsight.com*;
- Vice-chair/Chairman-elect: Liz Santos, SVP/marketing business development, BFB Gallagher;
- Committee member: Peter Myers, senior vice president, DDJ Myers, Ltd.;
- Committee member: Ben Mrva, executive vice president, Strategic Resource Management; and
- Immediate past chair/ex-officio committee member: Erin Allen, VP/national sales, BALANCE.

One more member is expected to be announced later.

The advisory committee meets three times a year to provide input and make recommendations regarding CUES Supplier Membership to the CUES Board of Directors. CUES Supplier members represent firms that provide products and services to credit unions, allowing CUES members to connect with industry suppliers and form mutually beneficial relationships.

To learn more about CUES and CUES Supplier Membership, visit [cues.org/suppliermembership](http://cues.org/suppliermembership), or contact Kari Sweeny, CUES’ supplier relations manager, at 800.252.2664 or 608.271.2664, ext. 326; or email [kari@cues.org](mailto:kari@cues.org).

## Participate in CUES’ Compensation Surveys

CUES is collecting salary and compensation data for its *Executive Compensation Survey* ([cues.org/ecs](http://cues.org/ecs)) and *Employee Salary Survey* ([cues.org/ess](http://cues.org/ess)) through March 31.

Both surveys provide you with insight, statistics and customizable reporting tools to help you attract and retain highly qualified professionals. Benchmark your organization against others based on asset size, region, membership size and more. Our online reports include data on 17 executive-level positions and dozens of non-executive level positions. Our pre-existing compensation reports include:

- salary and bonus information;
- side-by-side, year-to-year comparison reports;
- graphing tools; and
- exclusive content explaining compensation trends, including data reports.

*CUES Employee Salary Survey* also includes access to *CUES JobWrite™*, which allows you to craft customized position descriptions based on job-related duties, qualifications and responsibilities.

Together these resources offer a comprehensive look at staffing for your credit union. Contact CUES for more information about participating and pricing at 866.508.0744, or email [cues@cues.org](mailto:cues@cues.org).

### AD INDEX

To advertise, email [cathy.woods@mediawestintl.com](mailto:cathy.woods@mediawestintl.com) or visit [cues.org/advertise](http://cues.org/advertise). CUES partners and CUES Supplier members are noted in blue.



**PSCU**.....17  
[pscuc.com](http://pscuc.com)

<b>Aprío</b> .....45 <a href="http://aprio.net">aprio.net</a>	<b>Harland Clarke</b> .....33 <a href="http://harlandclarke.com">harlandclarke.com</a>
<b>Affinion Group</b> .....7 <a href="http://affiniongroup.com">affiniongroup.com</a>	<b>MyBoardPacket</b> .....29 <a href="http://myboardpacket.com">myboardpacket.com</a>
<b>Currency</b> .....15 <a href="http://currencymarketing.ca">currencymarketing.ca</a>	<b>OnBase by Hyland</b> .....13 <a href="http://onbase.com">onbase.com</a>
<b>DDJ Myers</b> .....2 <a href="http://ddjmyers.com">ddjmyers.com</a>	<b>Vantiv</b> .....21 <a href="http://vantiv.com">vantiv.com</a>



# Tired of the panic to prep board packets? There's a better way.



- ✓ **Simpler meeting preparation.**
- ✓ **Engaged directors.**
- ✓ **Better meetings.**

aprio

The board portal  
preferred by  
credit unions.

[aprio.net](https://aprio.net)

Proud partner of CUES®



Learn in the heart of wine country at Execu/Blend™ ([cues.org/eb](http://cues.org/eb)), April 29-May 2 in Santa Rosa, Calif.

## New in 2018: Execu/Blend!

CUES is pleased to offer a new interactive learning event in 2018. Execu/Blend ([cues.org/eb](http://cues.org/eb)), April 29-May 2 at the Hyatt Vineyard Creek, Santa Rosa, Calif., emulates the popular Execu/Net and Execu/Summit seminars, with intensive learning sessions in the mornings and afternoons free for exploration.

You'll learn directly from strategy and leadership experts who teach at Wharton and Stanford Graduate School of Business. They'll provide a cross-industry perspective on strategic development and differentiation through case studies, site visits and in-depth content. Sessions include:

**Creating an Effective Strategy** with Jim Austin, president of JH Austin Associates ([jh-austin.com](http://jh-austin.com)) and lead faculty for CEO Institute I at Wharton. Most strategic plans lack sufficient granularity to drive sustainable competitive advantage. In this session, attendees will uncover ways to develop an effective strategy by exploring how to identify profitable growth segments and learning how to compete in them.

**StoryCraft** with Dan Klein, lecturer of management at the Stanford Graduate School of Business. Humans don't make decisions based solely on data, but on emotion, too. The best way to influence and inspire an audience is by tapping into emotion through stories. This workshop identifies techniques that will boost your storytelling skills and gives you plenty of opportunities to practice, learn and grow.

**Setting a Vision** with Austin. A critical aspect of leadership is creating a vision that explains the "what" and, more importantly, the "why." Austin will help attendees define their organizational purpose, values and aspirational goals and offer real-world examples from current companies. You'll walk away with essential tools for developing a unique and inspiring vision.

Attendees will also take a field trip to learn how a small Sonoma vineyard differentiates itself in the highly complex wine market. Your afternoons are left free to network and explore beautiful Sonoma. The hotel is at the epicenter of Sonoma County, with easy access to wineries and the coast. Learn more and register at [cues.org/eb](http://cues.org/eb).

### 2018

#### **CUES SYMPOSIUM: A CEO/CHAIRMAN EXCHANGE**

Jan. 28-Feb. 1  
Grand Hyatt Kauai Resort & Spa  
Koloa, Kauai, Hawaii

#### **EXECU/SUMMIT®**

March 11-16  
The Summit at Big Sky  
Big Sky, Mont.

#### **CEO INSTITUTE I: STRATEGIC PLANNING**

April 8-13  
The Wharton School  
University of Pennsylvania  
Philadelphia

#### **CUES GOVERNANCE LEADERSHIP INSTITUTE™**

April 15-18  
Florida International University  
Miami

#### **EXECU/BLEND™**

April 29-May 2  
Hyatt Vineyard Creek  
Santa Rosa, Calif.



#### **CEO INSTITUTE II: ORGANIZATIONAL EFFECTIVENESS**

April 29-May 4  
Samuel Curtis Johnson School of  
Management, Cornell University  
Ithaca, N.Y.

#### **CUES SCHOOL OF APPLIED STRATEGIC MANAGEMENT™**

April 30-May 3  
Embassy Suites by Hilton Orlando  
International Drive Convention Center

#### **CUES SCHOOL OF BUSINESS LENDING™ I: BUSINESS LENDING FUNDAMENTALS**

April 30-May 4  
Embassy Suites by Hilton Orlando  
International Drive Convention Center

#### **CEO INSTITUTE III: STRATEGIC LEADERSHIP DEVELOPMENT**

May 20-25  
UVA Darden Executive Education  
Charlottesville, Va.

**Note: CU directors are encouraged to attend events listed in blue. For all future CUES events, visit [cues.org/calendar](http://cues.org/calendar).**

#### **CUES GOVERNANCE LEADERSHIP INSTITUTE™**

June 10-13  
Rotman School of Management  
University of Toronto

#### **STRATEGIC INNOVATION INSTITUTE™**

July 15-20  
Stanford Graduate School of Business  
Stanford University  
Stanford, Calif.

#### **CUES SCHOOL OF BUSINESS LENDING™ II: FINANCIAL ANALYSIS AND DIAGNOSTIC ASSESSMENT**

July 16-20  
Crowne Plaza Seattle

#### **CUES SCHOOL OF STRATEGIC MARKETING™ I**

July 16-18  
Crowne Plaza Seattle

#### **CUES SCHOOL OF STRATEGIC MARKETING™ II**

July 19-20  
Crowne Plaza Seattle

#### **STRATEGIC GROWTH INSTITUTE™**

July 23-26  
University of Chicago  
Booth School of Business

#### **SUPERVISORY COMMITTEE DEVELOPMENT SEMINAR**

July 23-24  
Kimpton Hotel Palomar San Diego

#### **BUSINESS LENDING FOR DIRECTORS SEMINAR**

July 23-24  
Kimpton Hotel Palomar San Diego

#### **DIRECTOR STRATEGY SEMINAR**

July 25-27  
Kimpton Hotel Palomar San Diego

#### **PAYMENTS UNIVERSITY**

Aug. 13-14  
Embassy Suites by Hilton Denver  
Downtown Convention Center

#### **CUES SCHOOL OF CONSUMER LENDING™**

Aug. 13-14  
Embassy Suites by Hilton Denver  
Downtown Convention Center

#### **CUES SCHOOL OF ADVANCED CONSUMER LENDING™**

Aug. 15-16  
Embassy Suites by Hilton Denver  
Downtown Convention Center

**NEW!**

# Execu/Blend™

April 29-May 2, 2018

Hyatt Regency Sonoma Wine Country

Santa Rosa, Calif.

Execu/Blend offers you a deep look into vital industry topics, with ample free time built in so you can explore and network with colleagues in the epicentre of wine country.

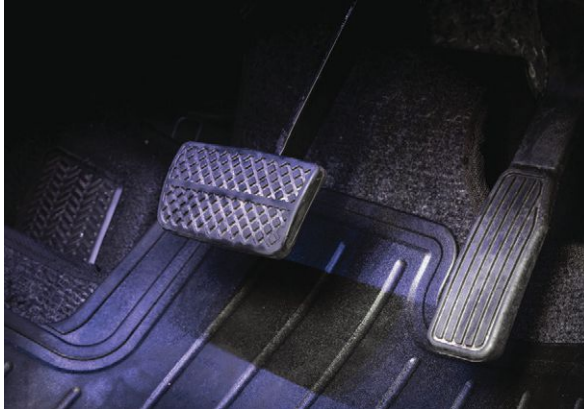
Learn directly from Wharton and Stanford Graduate School of Business strategy and leadership experts. We'll explore:

- How to set robust strategy
- The power of storytelling in innovative leadership
- Ways to get to the heart of your strategy—understanding the power of vision

We'll also take a field trip to Deerfield Ranch Winery and learn how it differentiates itself in a highly complicated and complex wine market.

Don't miss this extraordinary experience! Register now at [cues.org/eb](http://cues.org/eb).





## How Will Powell Drive the Fed Car?

By G. Michael Moebis

Will Jerome Powell continue the same monetary policy as predecessors Ben Bernanke and Janet Yellen? Will Dodd-Frank continue as-is, or will the Powell Fed recommend changes? Will he consider the largest credit unions risks to the money system? Will tax reform benefit the Powell Fed?

Here is some of Powell's background:

1. His work for Carlyle Group gives him hands-on experience in the private sector but also could cast him as being part of Wall Street.

2. He was active in the industry during the creation and implementation of the Dodd-Frank Act, giving him an understanding of current regulation.

3. Powell has shared these insights: Big banks need to have more capital with living wills providing a clear path through bankruptcy; stress testing needs to improve; smaller depositories need less regulation; regulation is too complex and needs simplification; and Consumer Financial Protection Bureau compliance is a Congressional, not a Fed, matter.

What should we expect under Chair Powell?

- Fannie Mae and Freddie Mac—and their inefficiencies—could be replaced with a private sector approach. The mortgage banking industry, small banks and credit unions, and the home-owning public could really benefit from this.

- Regulation will be simplified, reducing the disproportionate regulatory burden on small financial institutions.

- Powell could expand regulation by including a few more financial institutions that pose systematic risk (large credit unions and thrift depositories) and requiring better stress testing and living wills.

- Lawyers tend to take fewer risks than economists, so rate increases may be infrequent. Let's hope Powell shifts to a supply-side or monetary approach instead of maintaining the focus on price. This would help small businesses and consumers who are still under water in their mortgages.

- Correcting the Fed's bloated \$4 trillion balance sheet may be at the bottom of Powell's agenda. His approach could be to let fiscal policy get the economy going and then sell the Fed's bond portfolio.

- The Powell Fed could benefit from tax reform as fiscal stimulus.

Powell appears to be President Trump's best choice to enact monetary and regulatory policies benefiting small businesses, the consumer, community banks and credit unions. Time will tell.

G. Michael Moebis' economic research firm, *Moebis Services* (moebis.com), Lake Forest, Ill., has provided data, information and intelligence to government agencies, news outlets and thousands of financial institutions.

Read the full post and leave a comment at [cues.org/110817skybox](http://cues.org/110817skybox).

## Recent Posts

**"A recent study suggests the level of board diversity at a new CEO's previous position affects performance at your organization. ... Is your board diverse enough to boost an internal candidate's likelihood of success if they become CEO? What additional questions should you ask external CEO candidates to learn about the diversity of their previous board?"**

Kevin Smith, publisher at TEAM Resources ([forteamresources.com](http://forteamresources.com)), Tucson, Ariz., in "Board Diversity Builds Better CEOs" on CUES Skybox: [cues.org/111317skybox](http://cues.org/111317skybox)

**"Of course, each country has its laws and governances, but we have much more commonality than differences. ... Increasingly, all credit unions grapple with the challenges inherent in adhering and acclimating to our heavily regulated financial services industry, no matter their location. And while our regulatory entities are different, we experience many of the same trials."**

Carlton Barclay, CEO of \$95 million Community and Workers of Jamaica Co-operative Credit Union ([cwjcu.com](http://cwjcu.com)), Kingston, Jamaica, in "Thankful for CUs' Cooperative Spirit" on CUES Skybox: [cues.org/112017skybox](http://cues.org/112017skybox)

**"The weakest link in any chain is the human hand. We naturally trust people. We don't look at anyone and go, 'You could be a thief,' but we should."**

Chris Skinner, author of the *Finanser.com* blog ([thefinanser.com](http://thefinanser.com)) and bestselling book *Digital Bank*, and chair of European networking forum the Financial Services Club ([fsclub.co.uk](http://fsclub.co.uk)), in "Anyone Could Be the Hacker" on CUES Skybox: [cues.org/111517skybox](http://cues.org/111517skybox)



## CUES Governance Leadership Institute™

April 15–18  
Florida International University  
[cues.org/gliusa](http://cues.org/gliusa)

June 10–13  
Joseph L. Rotman School of Management  
University of Toronto  
[cues.org/gli](http://cues.org/gli)

Discover ways to strengthen your contributions in the boardroom as you learn to effectively balance healthy debate and diversity with consensus building. You'll also gain a thorough understanding of key issues surrounding your fiduciary responsibilities.

Ideal for board members and credit union executives, both sessions are taught by the esteemed Rotman School of Management faculty. Register today!

Choose from two  
locations in 2018!

# Strategic Innovation Institute™

July 15–20  
Stanford Graduate School of Business  
Stanford University  
[cues.org/sii](http://cues.org/sii)

STANFORD  
BUSINESS | Graduate  
School of | Executive  
Education

Learn to embrace innovation and become a successful agent of change. You'll leave this transformational program with a comprehensive understanding of innovation that will benefit your credit union immediately. We'll end the week by creating personal action plans, to implement upon returning home. Register today!



# Limitless.

That's your leadership potential.



“ I had the privilege of attending CUES Governance Leadership Institute at the Rotman School of Management. This intensive institute was the highest quality professional learning I have attended related to my role as a credit union director in my eighteen years I have served on a board. The faculty were world class in terms of their knowledge and experience with the credit union system and corporate governance. The balance of theory, practical application, and case studies, plus working with colleagues from across North America provided us with a solid foundation in governance, and left us with many new ideas to consider. I would consider this institute a “must attend” for any director considering a leadership role on their board. ”



**Paul Cuthbert, CCD**  
Board Chairman  
Noventis Credit Union  
Gimli, Manitoba, Canada  
Assets: \$528 million



## Strategic Growth Institute™

July 23–26

The University of Chicago Booth School of Business  
[cues.org/sgi](https://cues.org/sgi)

Learn smart ways to take advantage of lucrative growth opportunities at Strategic Growth Institute. You'll walk away knowing how to analyze, evaluate, and recommend specific actions to grow your credit union—while avoiding common pitfalls. You'll also learn to build value by scaling existing markets, entering established markets, or creating new markets through innovation and mergers.

**CHICAGO BOOTH** 

**Executive Education**