CU MANAGEMENT

SEPTEMBER 2018 • IN-DEPTH INFORMATION FOR CREDIT UNION LEADERS

HUMANS VERSUS AI

Today's best HR decisions come from using both data and intuition.

LEADERSHIP DEVELOPMENT
How to identify 'high potentials'

ANALYTICS
CUs discover the unknown

SPECIAL REPORT
The promise of board portals

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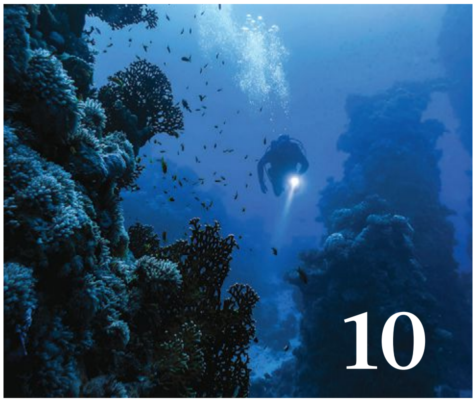

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cues.org/0818oncompliance

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Shelly-Ann Wilson Henry on Social Media

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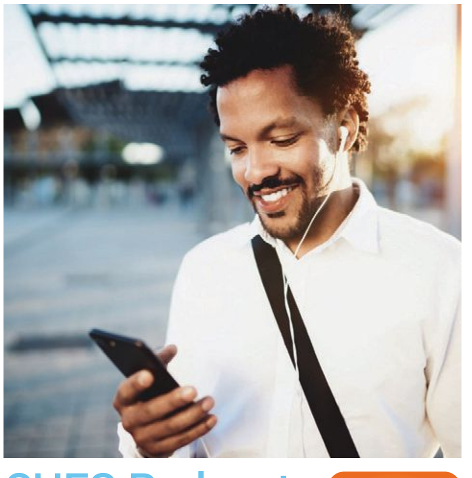
cues.org/0818socialmediavid



CUES Podcast

Episode 60: Talent Hoarding

Annette Matthies, CEO of Aspen Edge Consulting, discusses talent hoarding, how to know if you're doing it and how to stop. Matthies will speak at Directors Conference in December (*cues.org/dc*).

cues.org/podcast60

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Comments, suggestions and letters can be sent to **theresa@cues.org**.

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YOUR THOUGHTS

HOW DOES YOUR CREDIT UNION IDENTIFY AND DEVELOP HIGH-POTENTIAL EMPLOYEES?

>> Email your answer to **theresa@cues.org**.

Share the Talent *& Opportunities*

Is talent hoarding a problem at your credit union? It's tough when you're a manager with a great employee that you don't want to lose. You may be tempted to keep her where she is, working hard for you, instead of encouraging her to consider the next steps in her career path.

In episode 60 of the CUES Podcast, Annette Matthies, founder/CEO of Aspen Edge Consulting (*aspenedgeconsulting.com*), discusses why talent hoarding is a big problem and why high-performing organizations are less likely to be guilty of it.

"You have to start looking at your employees," says Matthies. "What are the programs we have in place? How are we supporting growth and development? You want to also look at a formal career pathing program—having career planning written down for employees. ... It's something you're going to need to invest in." You can listen to the podcast at *cues.org/podcast60* and learn from Matthies in person at Directors Conference (*cues.org/dc*), Dec. 2-5 in Hawaii.

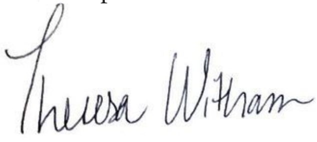
At CUES, we are a little obsessed with talent development. That's because we know that your people are your strongest assets and that high-performing organizations focus on employee development. To that end, next month we are launching CUES Consulting : Talent Development, a program to assist CUs that need guidance and resources for identifying and developing potential leaders. "This is a facilitated talent development program with the goal of helping organizations recognize who their high potentials might be and then helping them develop these individuals by focusing on the characteristics, competencies and behaviors that they need to succeed in leadership roles at their credit union," says Jennifer Stangl, CUES' director of professional development. Read more about high-potential employees and how credit unions are developing them in "Growing Future Leaders" on p. 14.

This stuff is not easy, and it takes time—something that credit union HR employees don't have to spare. Would it make your job easier if you could accurately predict which candidates would perform best in an open position or a management role? What if you could predict which employees are most at risk of leaving for another job?

Those are two scenarios where artificial intelligence could impact HR. Our cover story, "Humans Versus AI," explores how machine learning is affecting hiring decisions. While it might be fun to fantasize about a robot finding your next perfect hire, experts agree that AI will never replace the human "gut" element.

"Ultimately, a human being must make the decision," says Chris Hartman, global development officer with Allegis Group (*allegisgroup.com*), Hanover, Md. "If experience and additional data sources lead the HR professional to make a decision that diverts from the direction the AI results are pointing, that is a very acceptable result and how the process should work." Read more on p. 18.

AI may be more helpful in the near term in predicting CU staffing needs, staying on top of compliance and automating routine tasks like approving time-off requests. What do you think about AI's potential? Email me at *theresa@cues.org*.



Theresa Witham
Managing Editor/Publisher

P.S. Have you checked out the new CUES memberships yet? We're giving you even *more* talent development opportunities. Learn more at *cues.org/2019membership*.

Brochure Positions CU *as Merger Partner*

A Minnesota credit union offers a unique take on positioning its services through a brochure, using the medium to describe what it can offer to potential merger partners. Members Cooperative Credit Union "recognized significant value" in sharing the informational brochure with the board and leadership team of another financial cooperative in the course of a recent merger, says Tammy Heikkinen, president/CEO of the $700 million Duluth CU (*memberscсu.org*).

Sharing the brochure "supported our transparent approach and provided opportunities for improved discussions," she says.

The CU has been through several mergers, most recently with $24 million Lakes Area Federal Credit Union in 2017 and $185 million Lake State Credit Union in 2015.

"Even with an experienced merger team, no two credit union partnerships are the same," Heikkinen says. "With each new opportunity, our team focuses on ensuring that the incoming organization and members are provided with information and support throughout the process of combining operations."

"Our brochure focuses on the strengths provided by a partnership with another credit union," she adds. "It shares our vision for a partnership merger and the potential benefits that would be realized by members, employees and the organizations."

The publication also addresses Members Cooperative CU's culture, which is an important consideration for potential merger partners in considering outcomes for their members and employees.

Heikkinen cites the need to remain "responsive and competitive" in keeping pace with consumer demand for new products, services and delivery channels as major drivers behind consolidation in the financial services industry.

"I believe this demand will increase, especially in the area of technology, where costs and risks are elevated," she adds. "Add in regulatory compliance, and it becomes a difficult landscape to navigate, as a credit union with limited resources. I feel a real sense of obligation to the founding members who took the risk and started my credit union. That obligation resonates in merger discussions. It is important to remember the humble beginnings of both credit unions involved, while remaining true to our cooperative values."

Long-Term *Incentives*

In today's fiercely competitive market, credit unions are increasingly competing with the broader financial services industry for top talent. As a result, CU boards may need to examine new compensation plan design for executives and key leaders.

According to the latest data from McLagan's Regional & Community Banking Compensation Survey (*tinyurl.com/ycz3qtns*), just over 50 percent of banks under $10 billion in assets have a current long-term incentive plan in place for their top executives. Banks tend to have a higher prevalence of long-term incentives compared to credit unions for three reasons:

1. expectations from shareholders and corporate governance firms for performance-based pay;
2. bank regulatory guidance on sound incentive compensation practices; and
3. the availability of equity as a convenient long-term incentive vehicle.

At credit unions, a long-term incentive is typically designed as a cash incentive earned based on the organization's performance over three to five years. For example, a long-term incentive plan created for a group of executives at the beginning of 2018 would vest based on strategic performance metrics over the three-year period from 2018 to 2020. The long-term incentive award vests according to the level of goal achievement and is paid out in early 2021. Normally, these long-term plans are used in addition to existing annual cash incentives, which are already in place at most credit unions.

Read more in a free whitepaper available at cues.org/incentiveswhitepaper.

> **"Arming yourself with educated, better-prepared people is your best competitive advantage."**
>
> **Bob Hogan**, president/COO of Hipereon (*hipereon.com*) and lead faculty, along with **Jim Devine**, chairman and CEO of Hipereon, at CUES School of Business Lending™ (*cues.org/sobl*)

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Deep *Insight*

DATA CAN HELP CREDIT UNIONS DISCOVER THE UNKNOWN, UNLOCKING HUGE POTENTIAL BENEFITS.

BY RICHARD H. GAMBLE

Credit unions are approaching a quantum leap in business intelligence. In theory, the potential from leveraging massive data and powerful analysis engines is astronomical. In practice, the recorded results are mostly mundane but distinctly promising.

When you use data to determine your goals and how to reach them effectively, that's application. When you use it to discover that you need to rethink your strategy, that's insight. Financial services firms are just starting to do the latter.

Data analysis is challenging conventional wisdom, says Sabeh Samaha, president/CEO of Samaha & Associates (*ssamaha.com*), Los Angeles. "The big banks have figured this out," he notes. "They've analyzed industry data and are now wrapping their services around their customers in hip, personalized ways that have a lot of appeal. Credit unions with market- and data-informed insight must see that they cannot expect members to fit into their equation, but that they have to find ways to fit into their members' equations."

A clear indicator that data analysis is coming of age in CUs, notes Dylan Tancill, director of banking and credit union sales at Datawatch Corp. (*datawatch.com*), Chelmsford, Mass., is the pickup in hiring of data analysis professionals as chief data officers, often with SVP titles and reporting to the CEO or CIO.

"It's a sign that [credit unions are] preparing to follow a thoughtful strategy," he observes. "They're starting with low-hanging fruit, tackling efficiency challenges so they can show quantifiable cost savings and get buy-in from the board and top management, but many are looking beyond that. They see the promise of a new level of business intelligence that won't waste resources on guesswork. It will take time to set up, but once it's built and tested, it can produce a ton of rewards."

RETHINKING ONBOARDING

Advanced CUs are already discovering such rewards. For example, data analysis showed $18.5

billion BECU (*becu.org*), Seattle, that its new member onboarding process was efficient—but too often it didn't create the bonding that would make BECU a new member's primary financial institution, reports CUES member Brian Knollenberg, VP/member insights and strategy. In response, BECU extended the onboarding experience from an hour to a month and created a special, enriched communication diet for that all-important first 30 days.

In those 30 days, BECU encourages its members to make four connections: open a free checking account, accept and use a debit card, enroll in e-statements and download the BECU mobile banking app.

"We've learned that if we don't make those four key connections in the first 30 days, we have less chance of ever getting them to use BECU as their primary financial institution," Knollenberg explains. "Until we collected data and analyzed it, we didn't focus on those four key things."

BECU routinely sends personalized marketing messages to most members, but new members don't get those messages until the month is over, Knollenberg adds. During the new member period, there's no mention of credit cards, auto loans, mortgages or home equity lines of credit.

The special 30-day diet is not one-size-fits-all but tailored to each new member as the credit union learns what they do and don't respond to. "In 2015, we had five decision points about whether to send a particular message," Knollenberg says. "By 2017, we had 30. Now we have over 50. The decisioning gets more sophisticated as we collect more data and analyze it more closely."

Such progress may be real, but reaching the goal of capturing and analyzing every member interaction is still a long way off for most CUs, according to Richard Crone, head of Crone Consulting LLC (*croneconsulting.com*), San Carlos, Calif.

"Conducting a service interaction analysis," he explains, "provides management and the board of directors with an objective measurement of the top use cases in every channel, product, function and touchpoint. This information is the lifeblood of the organization and is the very essence of 'business intelligence.'" It's something few credit unions do, but without it, a CU is "flying blind," he says.

QUICK WINS

That's happening at $3.6 billion Virginia Credit Union (*vacu.org*), Richmond, which is on its way to informed insights, buoyed by the hiring of an SVP/enterprise data analytics eight months ago. Lee Brooks came with more than 20 years of experience in data analytics work at banks. He's pushing to build up a data warehouse that can support a lot of business intelligence activity. "Our database has been broad but shallow, strong on contemporary data. We're adding historical data so that we can get insights from our members' past activities," he explains.

Next, he plans to build a strong, centralized reporting platform and house it on an easily accessible intranet. That should set the stage for a boom in data analysis with strategic use of predictive modeling. The solution then can be applied not just to sales, marketing and operating efficiency but to governance, he explains.

The program should be transformative, but it will also be tactically useful, and Brooks is going for some quick wins to build support.

There have been a few already. The pricing and analysis team reviewed data that showed acceptance of mortgage rate offers by credit union members was higher at Virginia CU than expected. Based on that discovery, the credit union could demonstrate it was entitled to better pricing from an investor that bought those mortgages, Brooks reports. The renegotiated arrangement led to savings that the CU passed along to members.

> **"Conducting a service interaction analysis provides management and the board of directors with an objective measurement of the top use cases in every channel, product, function and touchpoint. This information is the lifeblood of the organization."**
>
> — Richard Crone

Virginia CU's IT group is in the process of installing a robust customer relationship management system, which the CU configured on the Microsoft Dynamics platform. That system will help Brooks expand and enrich the data warehouse and support the predictive modeling that his team just introduced in July. It has started with the identification of the next best product for each member, using contemporary and historical data to detect a proclivity to the product that each member would be most likely to add. Now front-line staff dealing with a member will have that information, he explains.

PREDICTIVE MODELS

One company that markets a data platform to address member experience is promoting analysis that can predict results.

"With all the data a credit union has about members, we can organize and analyze data to help credit unions understand which members, on an individual level rather than part of a segment, have a propensity to like a particular product or service and determine how they like to be contacted," says Steve Noels, co-founder and CTO of NGDATA (*ngdata.com*), headquartered in Gent, Belgium, with offices in New York. "For example, a member may be 25 percent more likely to accept a new offer when it comes over a mobile device instead of through a website."

It's also possible to learn which members live with or work with which other members—to analyze members at the household level, Noels explains. There are leaders and followers in every CU's membership, he declares; when data analysis can identify the leaders, a credit union can focus more attention on them, then expect the followers to follow and the end result to be more successful, more efficient growth.

Small CUs are rarely on the bleeding edge of data analytics, but some big financial institutions are pushing into new territory,

MORE ON ANALYTICS

Leveraging an Analysis Tool (*cues.org/0818analysis*)

Humans Versus AI, p. 18

Inside Marketing: 4 Steps to a Portfolio-Growing Credit Line Increase Campaign (*cues.org/0618 insidemarketing*)

Loan Zone: Using Alternative Data to Expand Member Business Lending (*cues.org/0318loanzone*)

> **"We want to put this analysis tool in the hands of our users and let them drag and drop and slice the data how, where and when they need to see it."**
>
> — Bhavesh Shah

Noels reports. They have analyzed their customers intensely, not as abstract "segments" or "buckets," but as people. One financial institution Noels has read about has found that its whole customer base can be broken down, understood and subsequently marketed to as 18 separate personas. By understanding the member base as 18 hypothetical people, the FI can customize 18 adept marketing strategies and then push personalized content or offers to each collective persona and improve the customer experience and brand loyalty. At least, that is the theory, he says.

APPLYING IT IN REALITY

Something similar is proving practical at $4.3 billion Kinecta Federal Credit Union (*kinecta.org*), Manhattan Beach, Calif., where TKX 360 has led to significant gains in member experience and employee efficiency, reports Bhavesh Shah, director of data management strategy, who leads the CU's business intelligence and artificial intelligence teams. TKX (short for "The Kinecta Experience") 360 is Kinecta FCU's homegrown .NET app that spans its many source systems and pulls out useful data with daily and real-time updates, he explains. It's a timely view of current status that occasionally brings bursts of illuminating insight, allowing for quick action.

"Instead of populating spreadsheets so people can review granular reports and meet to discuss results," Shah explains, "the data is fed into a machine learning platform that can make adjustments on the fly, pointing us in the right direction, at the right time, based on the right circumstance."

It's all done with Microsoft tools—notably Microsoft SQL Server and Power BI (*powerbi.microsoft.com*)—and the open source "R" software environment (*r-project.org*) for machine learning, which can be downloaded for free.

Results are immediately available to all Kinecta FCU staff according to need-to-know limits, he adds. That is, anyone, within their authority, can call up data by broad or sharply defined category and use it to better serve the member or analyze an operational function. "We want to put this analysis tool in the hands of our users and let them drag and drop and slice the data how, where and when they need to see it," Shah says.

By the end of the year, TKX 360 is expected to show profitability at the member level.

"We will see every member's contribution to our profit margin for every product they have with us," Shah explains. "This helps us understand when we ought to waive fees or steer them into a VIP queue to keep them from waiting—or offer them white-glove concierge services."

These new insights into member priorities, coupled with an attentive front-line staff, "have helped us move our net promoter score to 89, year to date, up from 59 back in 2012," reports CUES member Sharon Moseley, CIO at Kinecta FCU. A top score would be 100, and most banks operate in the 50s and 60s, she explains.

The CU has just bought three important pieces of external data from PwC (*pwc.com*) and Claritas (*claritas.com*), Shah reports—member segment (placing each member in one of 58 segments based on general behaviors and preferences), net worth and net income—and plans to feed this into TKX 360 to step up personalized marketing efforts. "It's definitely making us smarter and providing our members more value," he says of the deep dive into data analysis.

Achieva Credit Union (*achievacu.com*) applies automated analysis to member feedback that comes in online or from an iPad in a branch, says CUES member Tracy Ingram, VP/digital experience and development at the $1.5 billion CU in Dunedin, Fla. Member responses can be processed by machine intelligence, but they also can be read by people, both of which happen at the CU, Ingram reports.

"We built our own Net Promoter, a survey backed by an algorithm," she explains. "It has revealed things like member frustration with our online loan payment application, which we have now redesigned to be member-friendly."

Now Achieva CU is building another model to try to predict which members are likely to leave, which could inform a campaign to keep them, she adds.

This is an example of trying to use data to go beyond quantifying something that's already known to actually identifying something that's as yet unknown—the next frontier in analytics.

Richard H. Gamble *is a freelance writer based in Colorado and a member of Bellco Credit Union.*

DDJ Myers
Advancing Leadership Success

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What are the top issues for credit unions today?
Approaching the CEO succession planning process in a strategic manner is more important today than ever before. Because the landscape changes on a daily basis, it is becoming increasingly critical to understand CEO candidates' visions and value systems, and how they will lead the organization strategically, tactically and culturally.

Focusing on the number of resumés received or the size of the credit union Susie or Jeff came from is less important than the board figuring out what they really want, declaring their comfort with change and finding a true partner to assume the leadership role.

How does DDJ Myers help its clients be more successful?
Our approach is hyper-focused on producing long-term sustainable value for our clients. The scope of CEO succession planning work is significant in nature, and the caliber of process has to align. When we facilitate a process that helps the board select the best possible successor, whether they were an internal or external candidate, the board rests comfortably knowing they did everything they should have done. They know that they selected a partner that has never had to fulfill its CEO search guarantee—and that's a bold claim.

Why do you love credit unions?
In the end, we believe that growing, developing and matching credit unions' most valuable asset (human capital) is the best way we can contribute to our shared philosophy of "people helping people."

Growing *Future Leaders*

CLEAR PLANS FOR IDENTIFYING HIGH POTENTIALS AND NURTURING COMPETENCIES ARE KEY TO FILLING THE TALENT PIPELINE.

BY DIANE FRANKLIN

Great leaders aren't born; they are developed. Certainly that's true in the credit union industry, where the complexities of leading, managing and innovating require a wide range of competencies.

Leadership development is an organizational competency in and of itself, and credit union HR departments find themselves grappling with how best to accomplish it. Some CUs have their own leadership development programs, whereas others are struggling to fulfill the basic requirements of cultivating potential leaders.

With that in mind, CUES is set to launch CUES Consulting, a program to assist CUs that need guidance in identifying and developing potential leaders. Jennifer Stangl, CUES' director of professional development, describes the offering: "This is a facilitated talent development program with the goal of helping organizations recognize who their high potentials might be and then helping them develop these individuals by focusing on the characteristics, competencies and behaviors that they need to succeed in leadership roles at their credit union."

The CUES program, scheduled to launch in October, will have a strong consulting component as well as a downloadable guide that CUs can use to facilitate leadership development. "We understand that all credit unions are at different stages in their talent development efforts, so we've designed the offering to support credit unions of all sizes by offering standard program 'bundles' as well as à la carte resources and guidance," Stangl reports. "Credit unions with smaller HR and talent development teams may find greater support in the full scope of the consulting offerings, whereas a credit union that has the staff to devote more time to leadership development may find support in one aspect of the offering."

FILLING THE GAPS

Last year, CUES conducted a focus group with several industry HR leaders to gain their insights into what a successful leadership development program should entail. Among those participating was $1.5 billion Dupaco Community Credit Union (*dupaco.com*), based in Dubuque, Iowa, which is incorporating some components of the CUES model into its existing leadership development program.

"We currently have a leadership training program customized for Dupaco, but CUES is assisting by filling any gaps we may have in the curriculum," says Lisa Bowers, the CU's SVP/human resources and training, who attended the focus group.

Bowers reports that the CUES model has been useful in supplementing Dupaco Community CU's leadership development program by helping the CU define the competencies and behaviors required for three distinct levels of leadership: emerging (or entry-level) leaders, developing (or mid-level) leaders, and strategic (or well-established) leaders. "It's helped us establish tiers of competencies and behaviors that our leaders need to develop through their leadership journey in order to be successful," says Bowers.

Sandra Lueders, CCE, CUES member and chief HR officer at $1.9 billion Vantage West Credit Union (*vantagewest.org*), based in Tucson, Ariz., also participated in the focus group. "I saw it as an opportunity to speak from an end-user perspective about the areas of opportunity we had for developing leaders in the credit union industry and also where we saw gaps in resources outside of our own institution where we could use some help," she says.

Vantage West CU has 12 FTEs in its HR department, which encompasses such functions as payroll, reception, benefits, wellness, compensation, talent development and employee relations.

"We're fortunate that we're staffed very well to handle most of our [leadership development] needs internally, but most credit unions aren't," Lueders says. "We spent a lot of time talking with CUES about what the gaps are and what resources are needed and what the content should be in helping other credit unions with their leadership development needs."

IDENTIFYING HIGH POTENTIALS

One leadership development area where many CUs need help is in identifying their high-potential employees. Stangl is careful to note the difference between high potentials and another classification of employees known as high performers.

"There's a lot of confusion about that," she acknowledges. "Many people believe that if someone is doing good work in the job they have, they've got high potential for a future leadership position. However, when talking about high potentials in the context of talent development, we're referring to people who not only do well in their current jobs but are also able to push themselves to succeed in activities outside of their everyday work. They look for opportunities to grow and stretch themselves, and they have an aspiration to move up in the organization.

"High performers, on the other hand, are people who are doing good work in their current jobs, but may not have an aspiration to move up," Stangl continues, citing as an example a teller who enjoys interacting with members and is not inclined to take on a different role. "They may not want to leave their role and the tasks they love, and that's okay. You need to have those high performers—they're key to helping you meet your organizational goals, and they should be developed within their role. When you're looking to fill your future leadership pipeline, it's the high *potentials* that you want to identify and develop in a different way."

Dupaco Community CU has developed a strategy for identifying high-performing talent, which Bowers says has become more data-driven in recent years. "The use of data has helped us be more objective in measuring and tracking success in certain roles in the credit union, especially if we have identified what to measure," she says. "For instance, the tracking of member data has helped monitor certain employee's goals within our performance incentive program. We're tracking and monitoring data related to engagement with our members."

"Employees want to have clarity and transparency in their role or potential future roles. They want to know how they can achieve success and provide value."
– Lisa Bowers

CUES member Tami Schepler, Dupaco Community CU's VP/member services, reports that the conversion to a new core processing system in 2010— Phoenix EFE by Finastra (*finastra.com*)—has allowed the CU to implement dashboards and other tracking systems to more precisely measure employee performance.

"Once we got the right core system in place, that opened up a whole new world for us," Schepler says. "We had the open architecture that allowed us to dial in and get the data we needed."

As a result, Dupaco Community CU is able to identify high performers in front-line sales and member engagement, which in turn is useful for pinpointing those with high potential for advancement.

"Data is also collected to illustrate performance that is done 'above and beyond' the employee's normal duties," Bowers explains. "The achievement towards these goals also helps identify high-potential employees—those who stretch themselves by developing new skills and taking on new challenges."

Dupaco Community CU also relies on technology to manage the tracking of talent management. "We use UltiPro from Ultimate Software (*ultimatesoftware.com*) as our HR management system," Bowers reports. "Within that system, we collect many points of data that relate to an employee's role and performance—their performance reviews, coaching notes, goals, budgeted increases, personal incentive amounts, salary grade, retention risk and more. The system takes many of these data points and tabulates an engagement score for each employee."

Engagement is critical for retaining and cultivating high potentials and key talent, Bowers explains. "We've trained our supervisors on coaching techniques—and specifically one coaching and retention technique called a 'stay interview.' This conversation openly offers the opportunity to engage the employee in dialogue about not only

MORE ON LEADERSHIP DEVELOPMENT

Tips for Talent Development (*cues.org/082218skybox*)

Purposeful Talent Development: Avoid the Shortage (*cues.org/052118skybox*)

Developing a Pipeline of Leaders (*cues.org/0915nextgen*)

From John: 4 Ways to Develop Talented Rookies (*cues.org/1217fromjohn*)

CEO Institute III: Strategic Leadership Development (*cues.org/inst3*)

Vertex (*cues.org/vertex*)

why they stay but why they might leave Dupaco. In the past, and with most other organizations, you don't find out why employees are leaving until their exit interview. With this strategy, we are able to be more proactive ... in retaining and engaging our employees. Coaching is important in our organization, and we try our best to align expectations between the employee and supervisor so there is clarity in the employee's role, [job] expectations, pay, career growth, etc."

Having a clear career path is a key to effective leadership development, Bowers adds. "At Dupaco, we've created career paths with titles and job descriptions, and then we've gone to the next step, which is to create grade and compensation structure around those criteria. Tami and our training team have then taken it a step further by aligning certain job descriptions with courses and training development opportunities that we have within the organization," Bowers reports. "So, if the employee says, 'I want to explore job XYZ,' the supervisor can look at tools, such as a learning journey, and say, 'Okay, so, how many of these courses have you taken and how many of these skills have you become proficient in?'"

The CU strives to make the process as transparent as possible. "Employees want to have clarity and transparency in their roles or potential future roles. They want to know how they can achieve success and provide value at Dupaco," says Bowers.

HAVE A PLAN

Potential leaders are more likely to achieve success if they have a clear action plan for their future. For that reason, many CUs stress the importance of employee development plans.

"Every employee at Vantage West has a development plan," Lueders reports. "One of our key metrics as an organization is the expectation for continuous learning, and we demonstrate that with 100 percent active employee development plans"—meaning employees are following through on the development tasks they have defined, she explains, as opposed to writing plans but never executing.

"Of course, learning is different at different levels and for different people," Lueders adds. "Someone may come to us and say, 'I really like my job, but I'd like to get ready to assume a broader role in my department.' In that case, we would work with them and their supervisors to build out what that might look like. Maybe it's job shadowing. Maybe it's taking on a project. Maybe it's taking some courses." The CU helps all interested employees with development plans, not just identified high potentials, she notes.

In the interest of developing future leaders, Vantage West CU also has a strong talent review process for evaluating its employees. Tricia Cassidy-Vincent, CUES member and AVP/HR/talent management, reports that until very recently the CU used the nine-box model (*tinyurl.com/shrm9grid*) for ranking employees' potential and performance as low, moderate or high. There are nine possible rankings, ranging from low performance/low potential to high performance/high potential. "It's a common HR tool," says Cassidy-Vincent, "but we are moving away from that to a different model that will allow us to evaluate critical talent."

With the new model, Vantage West CU's goal is to drill down to identify those leaders who will fit specific roles related to its strategic vision for the future.

"I think it's important that organizations identify their emerging talent, but what was missing in my eyes, and what we've started to build out, is a critical link between who the emerging talent is and our strategic plan," Lueders explains. "Companies historically have used the nine-block exercise to identify emerging talent for the purpose of slotting them into a succession plan. I think that's still needed, but that doesn't help me when I have a critical strategic initiative."

Lueders challenged her team to make a shift: "Let's tie our human capital strategy to our strategic plan, and let's make sure we have identified talent with the experience and aptitude necessary to match those critical roles, functions and assignments."

Timely leadership development to fill such critical roles takes multiple forms at Vantage West CU.

"It includes mentoring as well as appropriate onboarding and learning," Cassidy-Vincent reports. "One of the things we look at, in terms of assessing critical talent, is learning agility. That gives us an idea of how quickly a person can onboard, because we've identified from previous experience how quickly they can learn. We set aside sufficient time to ensure the person is successful, and we include touchpoints throughout the process, such as checking in regularly with their mentor and managers to see if their new role is working out—if it's serving the organization as well as the individual."

However, management can only do so much to ensure the success of its future leaders. Much of the responsibility for success has to come from the employee's own internal motivation.

"One of our mantras is that employee development plans need to be employee-driven and manager-supported," Cassidy-Vincent says. "That's the expectation, and something we communicate in our organization—that employees should own their own development. Obviously, we managers are here to support and engage them, but at the end of the day, the employees need to be the ones who are raising their hand, engaging with their managers and peers, and doing whatever else they can do to develop themselves."

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Humans *Versus* AI

TODAY'S BEST HR DECISIONS COME FROM USING BOTH DATA AND INTUITION.

BY LIN GRENSING-POPHAL, SPHR

It's amazing what technology can do these days—sometimes even taking on roles and decisions that once required human consideration. Consider the potential of artificial intelligence, machine learning and predictive analytics, for instance, and the impact that these technologies could have on the field of human resources.

- What if you could accurately predict which candidate would perform best in the position you have posted or in a management role?
- What if you could accurately predict which employees are most at risk of leaving for another job?

Theoretically, you can already do these things and more using technology. But are the decisions that algorithms can make based on big data and predictive analytics necessarily any better than decisions seasoned managers or HR professionals might make based on their years of experience?

That's a question that a recent *Harvard Business Review* case study explored (*tinyurl.com/y7gmp4yw*). "Should an Algorithm Tell You Who to Promote?" shared the fictitious case of a hiring manager—the VP/sales and marketing for a global consumer products company—who was presented with data from the newly formed "people analytics team" that suggested a candidate other than her first choice would be the best pick for an open position. The study does not reveal which candidate was ultimately promoted, but both experts who weighed in on the story agreed that the final decision should lie with the hiring manager and her "human judgment," not an algorithm.

We're hearing a lot about the potential of machine learning, AI and other forms of emerging technology to disrupt the workplace as we know it. But, as the HBR case study suggests, machines don't always know best. Predictive analytics can be used to identify employees who may be a good fit for a job, but not necessarily the *best* fit. In fact, as the hypothetical VP in this case points out, algorithms aren't always entirely objective. After all, recommendations made are based on the data entered into the system—in this case subjective performance review information.

In short, intuition and experience *can* sometimes trump technology. But most of the time, say the experts, it's some combination of technology and human consideration that best utilizes the insights that data and analytics now bring to the table.

AI INVESTMENT AND ADOPTION

An Allegis Group survey of 7,000 employers published in November 2017, "Staying in Front: An Inside Look at the Changing Dynamics of Talent Acquisition" (*tinyurl.com/ya7pe5uo*), explored some major trends, including the impact of technology. It may be heartening to hear that if your credit union hasn't already embraced digital tools to help with various aspects of your HR processes, you're not alone.

While respondents indicated that progress is being made to set the foundation for the use of technology like AI in human resources, and 23 percent of those responding indicated that they are investing in related innovation and R&D, only 13 percent indicated that they are currently using AI for talent acquisition and management.

Why such low adoption? There are likely a number of reasons ranging from "The technology is still changing and developing so we don't want to jump in just yet," to "We don't have the budget to invest at this point," and even, "We're a little worried about the long-term impacts that AI might have on our credit union, our employees and our members."

As such, most organizations are still in the very early stages of considering how this technology could benefit their HR practices, but many HR professionals say that the greatest impact will be in automating processes to free up their time to focus on more strategic considerations—like improving the effectiveness of hiring and promotion decisions.

WHY ALGORITHMS MAY NOT BE 'RIGHT'

"Despite the intrigue that always seems to surround artificial intelligence and emerging tech, much of it is overhyped," says Steve Wang, who has worked in HR for more than 15 years as a manager and recruiter. Wang has also helped build companies like Mock Interview (*mock-interview.org*) and JazzHR (*jazzhr.com*) from the ground up and is the author of a career blog (*tinyurl.com/y8o28m2h*). "Those who actually understand the algorithms and logic behind the predictive analytics would know that there are a lot of kinks and flaws to them," he says.

Wang offers a familiar example—automated tracking systems that screen resumes using keywords. The systems, he says, look for keywords "which must be manually set by the employer," and then rank resumes based on the number of keyword matches. But, he says, "Something this simplistic is obviously going to have flaws." Good applicants may not make it through the system because they failed to use the identified keywords often enough. More tech-savvy applicants who are not as highly qualified may "keyword-stuff" their applications to allow their resumes to rise to the top. Both scenarios minimize the confidence that HR professionals and hiring managers might otherwise have with the technology.

Chris Hartman, global development officer with Allegis Group (*allegisgroup.com*), Hanover, Md., agrees that there are potential shortcomings inherent in the use of technology for screening candidates and making hiring decisions.

"AI technology is a powerful tool for uncovering ... candidates who might have otherwise gone unnoticed, but HR professionals should not make their decisions based on AI insights alone," says Hartman. "An algorithm isn't an all-knowing entity. It was created by a human being, and its results depend upon the data on which it is trained. In other words, the creators' biases as well as any biases present in the underlying data will likely show up in an AI's findings."

> **"If we had to distinguish people from machines in a word, it'd be empathy ... which, for HR and hiring, is crucial."**
> – Nigel Davies

This is an important perspective to have. Too often, we view any data generated by technology as beyond reproach. Considering the inputs that drove the outputs you're reviewing is an important step in critically evaluating their relevance and validity.

"Machine learning and artificial intelligence are designed ... to continually learn and improve with the assistance of data scientists," says Adam Sbeta, cybersecurity analyst and senior team lead with Oakland Managed IT & Cyber Security Services (*itservicesof oakland.com*), Oakland, Calif. But, he points out: "Machine learning in this space is fairly new and does not have the years of experience that an actual HR person has." While machines can process data much faster and more accurately than humans, they should be viewed "as an assistance to HR and not a replacement," Sbeta says.

Nigel Davies is the founder of Brighton, U.K.-based Claromentis (*claromentis.com*), a company that offers integrated intranet, process management and employee engagement solutions. "If we had to distinguish people from machines in a word, it'd be empathy," says Davies. "Computers have not been programmed to perform abstract thinking yet, which, for HR and hiring, is crucial."

Add to the mix the subjective nature of most hires where qualitative factors like "fit" must be considered. "Skills and experience might be enough to get a person an interview or considered for a promotion, but organizations must never fall into the trap of box ticking," warns Davies. "The personality fit has to be right for the culture of the credit union. It only takes one bad apple to upset the cart and change the dynamic of a well-functioning team for good with negativity or narcissism."

Wang notes there's a reason hiring software is generally only used in the preliminary stages of the hiring process. "As it stands now, predictive models and software in HR are nowhere close to accurately accounting for things such as work ethic, employee potential, employee relationships, teamwork and human intention," he says. For that, we need to bring the human element into the mix.

MORE ON HR TECHNOLOGY

HR Answers: AI for Human Resources (*cues.org/0118hranswers*)

HR Answers: Hottest Tech Tools for Recruiting (*cues.org/0817hranswers*)

Artificial Intelligence Innovations (*cues.org/051717skybox*)

THE HUMAN ELEMENT

Experts in both technology and HR are united in believing that AI is not yet ready to overtake the human elements of decision-making related to various HR decisions—if it ever will be. It is, they say, a balance.

"Technology, and the data it can be programmed to capture, is a hugely valuable tool for fast decision-making or to bring HR to a sensible set of conclusions," says Davies. "But these need to be put into context by a human." In fact, more than one human, he adds. "Human decision-making is vulnerable to bias so, in the interest of fairness, more than one person's intuition should be considered."

Take accounting, a profession that has long relied on data and spreadsheets. Accountants don't simply "crunch the numbers" and pass along the spreadsheets to clients. They evaluate what the numbers tell them—and consider the inputs that went into generating the final numbers.

"The experience and insight that an HR professional brings to the hiring process is absolutely critical to making good decisions," says Hartman. While he believes that HR professionals should incorporate AI-based information into their decision-making processes when they can, "ultimately, a human being must make the decision. If experience and additional data sources lead the HR professional to make a decision that diverts from the direction the AI results are pointing, that is a very acceptable result and how the process should work."

Doomsday predictions that technology will one day replace the need for human beings are misguided, suggests Wang. "While technology will surely continue to evolve and play a larger role in the hiring process, I don't foresee any revolutionary changes any time soon. Despite all the exciting talk about AI and machine learning, the algorithms and software used in most companies' hiring processes today are nowhere near advanced enough to make our promotion or hiring decisions for us." There are also cost considerations, he notes—the more advanced the technology, the bigger the price tag.

And—as we saw in the *HBR* case study—trust issues also come into play. "Employers and management usually pride themselves in their abilities to make the correct hiring decisions," Wang says. Convincing them to heed what the data says about who to promote or hire is not going to be achieved overnight.

WHAT AI *CAN* DO TODAY FOR HR

Despite the uncertainty about how or whether technology will ever be able to replace human judgment in important HR-related decisions, there are ways in which credit union HR professionals could leverage AI to save time and improve internal processes today, says Chad Davis of Kronos Inc. (*kronos.com*), Lowell, Mass. Davis works in Kronos' financial services industry team and has a background working with CUs. In fact, he says, employees are already seeing the potential benefits of the technology.

According to recent research from Kronos and Coleman Parkes Research (*colemanparkes.com*), says Davis, "65 percent of financial services employees said they think AI could be used to simplify internal processes throughout the workplace—57 percent feel it could actually help balance their workloads." He points to three specific applications:

- **Smarter staffing.** AI can be used to deliver more accurate forecasts to help managers meet staffing demands, says Davis. For instance, "If a credit union is using an appointment-setting solution with AI functionality on the backend, managers can use that appointment data to match customer needs with the most-qualified available employees based on their skills and experience. Ensuring customers speak to the right employee the first time can significantly optimize service and sales."
- **Proactive labor compliance.** Today's technology, says Davis, can project up-to-the-minute timekeeping data, identifying and alerting managers to potential labor compliance risks hours or even days before an issue would naturally come to their attention. "This advanced warning allows managers to take swift action to prevent compliance violations from happening—thereby saving time, money and exposure," he explains.
- **Personal digital consultants.** AI can be used to automate time-consuming daily decisions like handling employee time-off requests, says Davis, freeing up managers to spend more time on strategic initiatives. "Technology could be used ... to analyze variables like eligibility, accrual balances, staff availability, cost of replacement workers, and compliance with company policies and labor laws to rapidly make an informed recommendation," says Davis.

While technology *has* historically replaced some jobs, in people-centric industries like financial services and activities like human resources, it is unlikely that technology will ever make humans obsolete. In the battle of AI versus humans, humans still have an edge.

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What do your clients love about Currency?
Credit unions want to help members improve their financial capability but struggle to create compelling educational content on their own. With Currency's It's a Money Thing financial education content program, this is no longer an issue. CUES member Josh Franzen, senior community and business development representative at $840 million InTouch Credit Union (*itcu.org*) in Plano, Texas, relays, "We use It's a Money Thing materials in classrooms ranging from 7th to 12th grade. The program has helped us save money by having awesome videos and presentations already built and helped free up time and resources to visit more schools."

Tell us about a client success story.
At $762 million Red Canoe Credit Union (*redcanoecu.com*), Longview, Wash., increasing young adult financial literacy is a corporate social responsibility as well as an opportunity to differentiate and grow. The CU chose It's a Money Thing because of the value and quality of the content. "Currency provided a turnkey solution we could implement at a very reasonable cost—something that was a large benefit to an over-stretched marketing department," says Chief Marketing Officer Amy Davis, a CUES member. "Prior to It's a Money Thing, 12.5 percent of Red Canoe's members were in the 15- to 25-year-old age group. In just one year, this age group grew to 22 percent of our full membership. That's a 77 percent increase in the number of young adult members at our credit union."

How is Currency making the credit union industry stronger?
In addition to our successful relationships with more than 100 credit unions, we partner with CUES to produce the Next Top Credit Union Exec competition. Over the past nine years, this program has had a profound impact on countless young professionals within the CU industry.

Winning the *Payments Game*

CREDIT UNIONS NOW VIE WITH NEW PLAYERS THAT MAKE UP THE RULES AS THEY GO.

BY TONY DESANCTIS

Managing payments used to be a lot like checkers: You had to match your strategy with your opponent's moves, but the rules were relatively simple. These days, the payments space feels more like a chess match.

With half-a-dozen players on the board.

All playing by their own rules.

Keeping pace with these shifts presents a complex challenge for credit unions to aggressively manage their payments strategies with the dual aims of (a) capitalizing on opportunities to generate incremental revenue and (b) mitigating the impact of revenue reductions as a result of disruptors grabbing a bigger share of the payments market.

CUs are no longer competing just with big banks and other financial cooperatives in their bids to win members' payment business. Think PayPal, which processed 2.2 billion transactions in the first quarter of 2018, times 10. Retailers like Amazon and Starbucks are offering their customers in-house payment options. Mobile communication giants are promoting ApplePay and Samsung Pay, while fintech companies like Venmo and Affirm extend their reach.

Big banks and a few CUs are aiming to counter these disruptors with their own payment app, Zelle (*zellepay.com*). That's just one more player in a hot market aiming to become your member's go-to payment solution and to move beyond payments into lending.

THREE-WAY SQUEEZE

CUs need to monitor and address three primary competitive challenges in the payments space. The first is traditional financial services providers. Does Chase or your CU have a better payments lineup? What do the big banks offer that you don't, and vice versa?

The second challenge comes from the retailers looking to reduce or divert some of the interchange and interest income your CU has been earning

through members' card use. Amazon, Walmart and other big chains view payments as a large enough expense that they're looking to migrate to lower-cost solutions. Merchants with sufficient clout are striking deals with signature and PIN payment networks that are having a direct and significant impact on the revenue generated from card transactions by CUs and other card issuers.

Retailers have the option to route card payments through whatever network the card can support. Typically, they prefer debit payments to go through PIN networks like STAR (*star.com*), Pulse (*pulsenetwork.com*) or NYCE (*nyce.net*), while credit payments are routed through Visa and Mastercard pipelines. For every signature transaction that becomes a PIN transaction, your CU loses about half that interchange revenue. Beyond steering customers toward PIN networks, high-volume retailers also negotiate better interchange rates with networks, which means another income reduction for CUs.

In short, the squeeze is on. On one side, CUs face competitive pressure from big issuers that command 90 percent of the credit card market. On the other, retailers are working hard to pare down card processing fees, which cuts into credit unions' interchange revenue. In Canada, Visa and Mastercard have agreed to cut credit card interchange fees by 10 basis points to 1.4 percent, beginning in 2020. And the largest U.S. CUs, those with more than $10 billion in assets, also face debit card interchange limits established by the Durbin Amendment to the Dodd-Frank Act.

As if that weren't pressure enough, now fintech disruptors are a third key group of competitors. They could cut CUs out of the payments business altogether by offering customers the option to set up deposit accounts with payment privileges. Apple and PayPal have launched debit products. While it's unlikely many consumers will adopt Apple Pay as their primary payment vehicle in the near future, it is one more threat to monitor.

ELEVATE YOUR PAYMENTS STRATEGY

Payments used to be "set it and forget it." Members who opened a checking account got a debit card and put it in the front of their wallet. About 25 percent signed on for a credit card, too, and took advantage of CU offers to earn points or cash back. And the CU could count its interchange revenue and interest income and thank members for their business.

Those days are over.

CUs that got used to adding another 25 to 30 percent of their non-interest income from card interchange are now watching that revenue shrink. We estimate that, without growth in payments volume, CUs will see net income from debit cards drop by 3 percent annually, largely due to margin compression challenges. That estimate is primarily from the migration of card transactions from signature to PIN networks, PIN-less debit transactions (which generate about half of what a transaction that historically would have been processed on the signature network would have generated), and merchant deals with networks. This does not even consider the impact of fintech disruption non-traditional players like PayPal, Venmo, or Square Cash (*cash.app*).

What can CUs do to turn those revenue losses around? First, make payments a strategic priority. The more members rely on other forms of payments, the less they will turn to your CU. Also develop and execute a payments strategy. Your marketing staff needs to find ways to develop new payment relationships by making those products so appealing that new members sign on for them.

A bigger challenge is increasing existing accountholders' use of your cards. What are you doing to incent active members who don't keep your cards top of wallet? Seasonal promotions, from summer vacations to holiday shopping, can be effective. And what about their virtual wallets? Your payments strategy should encompass digital payments as well. When members use PayPal, ApplePay and Amazon, have they saved the numbers for your credit and debit cards to make those payments?

In short, give payments the same attention as building other product volume. Your CU has a wealth of information about how members are using their cards—and when they may be turning to other payment solutions. Keep in touch with them to find out what they find compelling about your products and what might be missing.

Don't be afraid to borrow marketing ideas and product design features that work for others. Some CUs have seen an uptick in payments volume when they tie debit card usage to an interest-rate bonus on checking. For example, when members use their debit cards 15 times a month, they earn 1 percent on their checking accounts. Or they might get a small cash-back reward when they charge at least $1,000. Scaled rewards are another option, offering an escalating range of give-backs depending on the number of transactions done with CU accounts.

The reality is that coming up with unique payment product offerings is tough because they're so easy to copy. Success often comes down to good member engagement. Make your checking and credit card products easy and rewarding to use. Aim to put your cards in the wallets of every qualifying new member. Continue to evaluate and refine your product offerings based on the market and how your members' payment patterns and preferences are evolving. And be vigilant in monitoring how your growing field of competitors is changing the rules of the game.

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MORE ON PAYMENTS

Fintech Competition Update (*cues.org/0818fintech*)

The Importance of a Payments Strategy (*cues.org/0518importance*)

CEO/Executive Team Network™
Nov. 5-7, Nashville, Tenn. (*cues.org/cnet*)

Cornerstone Advisors (*cues.org/cornerstone*)

Cardless World *Needs Credit Union Participation*

HALF OF BANKED CONSUMERS ARE ABOUT TO BE LEFT BEHIND.

BY FIS

The commercials are all over TV and the web. Signage and billboards are going up. Whether it's paying for groceries with a wave of a smartphone or texting money to a friend, national retailers, big banks and tech compares are beating the drum for a new world where plastic cards and cash play an ever-smaller role in consumers' lives.

Your members are, no doubt, seeing and hearing about these innovations. Don't assume that your members don't want the convenience of mobile wallets or person-to-person payment apps.

Why? According to the National Credit Union Administration (*ncua.gov*), the nearly 104 million CU members comprise more than 45 percent of the U.S.'s economically active population.

If CUs don't participate in the transition to cardless transactions, they will effectively create a secondary tier of banked consumers who are plagued by slower, inefficient transactions, pay higher fees, are common victims of fraud and can't fully benefit from rewards programs. They will cost their members money—and no member-owned CU wants that.

KEEPING PACE WITH MEMBERS

Mobile wallets and P2P payments were introduced with much ballyhoo and lofty expectations. It's been a slow burn, but now they're catching on like wildfire—and not just with younger consumers.

According to the 2018 FIS™ Performance Against Customer Expectations (PACE) study (*fisglobal.com/pace*), 36 percent of CU members who have mobile devices have made an alternative payment in the last year. Some 13 percent used a mobile wallet and 10 percent used a P2P service provided by their financial institution, such as Zelle (*zellepay.com*). These low figures are likely because most CUs don't support mobile wallets or P2P payments.

However, that doesn't mean members aren't using these services. According to PACE, 57 percent of members used alternative services in the prior year. Topping the list is P2P payments, with 51 percent—more than half of all CU members—reporting they used Venmo, PayPal, Apple Cash or another service.

EASY FIX FOR LESS-SECURE PLASTIC

According to a Juniper Research report (*juniper research.com*), contactless payments—those empowered by OEM mobile wallets like Apple Pay or Google Pay as well as mobile wallets provided directly by financial institutions—are expected to exceed $1 trillion this year. That number is likely to double to $2 trillion by 2020, meaning that in less than two years 15 percent of all point-of-sale debit and credit card transitions will originate from mobile wallets.

Besides mobile wallets' convenience, the absence of a plastic card removes the risk of card skimming at the ATM or point of sale as well as the growing threat of Wi-Fi skimming of EMV-chipped cards.

CARDLESS ACCESS TO ATM CASH

Currently, 28 percent of CU members' transactions are in cash, so ATM withdrawals must be considered alongside mobile wallets and P2P payments in the push toward a cardless future.

By adding cardless cash access to a CU's mobile banking app, members can log in and "stage" a cash withdrawal at a nearby ATM. At the ATM, the member scans a QR code with the app to authenticate the transaction and get cash in as little as 10 seconds, compared to nearly a minute when done with a card. Currently, Cardtronics ATMs and the CUES Supplier member CO-OP ATM network offer the cardless option but few CUs offer the feature in their mobile apps. Cardless cash also removes the potential for card skimming at the ATM or via Wi-Fi hijacking.

CUs BENEFIT IN A CARDLESS FUTURE

In a cardless future, CUs will have reduced overhead costs of printing, mailing and servicing debit and credit cards, while dramatically reducing the likelihood and frequency of fraud.

By being an early adopter of cardless transactions, credit unions can offer seamless, more-secure payments while leapfrogging the myriad banks and financial institutions they compete with locally. Not making those investments now may put credit unions and their members at a clear disadvantage as the U.S. moves toward a digital-first economy.

*FIS (*fisglobal.com*), Jacksonville, Fla., is a global leader in financial services technology, with a focus on retail and institutional banking, payments, asset and wealth management, risk and compliance, and outsourcing solutions. Through the depth and breadth of our solutions portfolio, global capabilities and domain expertise, FIS serves more than 20,000 clients in over 130 countries.*

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Base *Camp*

CEO INSTITUTE II SHOWS HOW KNOWING FOUNDATIONAL STRENGTHS SUPPORTS GREAT PERFORMANCE.

BY KARI SWEENEY

There seems to be a personality test for everything. Make a quick stop on Buzzfeed (*buzzfeed.com*) and you can find quizzes to satisfy burning questions about everything from which state you should live in based on your favorite food to which Muppet character you are. (In case you're wondering, I'm Rowlf.)

While the Buzzfeed quizzes are typically pretty trivial, more serious "quizzes" can help leaders and aspiring leaders gain a true understanding of their styles at work—and better leverage their strengths. And, when leaders also learn the strengths of their team members, all sorts of good interactions can result.

MICRO EXPERIMENTS

At CUES' CEO Institute II: Organizational Effectiveness (*cues.org/institutes*) in May, my classmates and I took the CliftonStrengths Finder (*gallupstrengthcenter.com*) to discover which five of 34 "signature themes" best describe us. My five were input, maximizer, communication, positivity and empathy.

Session presenter Beta Manix, Ph.D., Ann Whitney Olin professor of management at Cornell University (*cornell.edu*), Ithaca, N.Y., suggested that we could enhance our strengths by conducting "micro experiments." These tiny tests let leaders try something new without taking a very big risk.

Take, for example, my strengths of input and communication. People who work with me know that I usually have a thought to contribute in any team meeting. I am an active participant and not shy about voicing my opinion.

At CEO Institute II, I conducted a micro experiment with this strength in mind. While I was participating in a group activity, I held back. I didn't jump in and talk. Instead, I asked probing questions and took a more reflective role. Being outside my comfort zone helped me see additional perspectives

than the ones I had originally had about our topic. Plus, doing this was a small, safe bet.

Notably, our leadership strengths can change over time, depending on such factors as current job role or life stage. When I took the same test in 2013, my five signature themes were communication, developer, empathy, maximizer and woo. Three stayed the same and two were new, which goes to show that people do have the capacity to change and learn new skills.

THE POWER OF PEOPLE

Knowing our own strengths can tell us a lot about the way we execute projects, influence people, build relationships and solve problems. Knowing someone else's strengths can inform our decisions about which projects to delegate to them and even the right education pathway for that person next year. It also can help you know when a member of your team is taking a risk for the greater good. Sometimes taking a risk and failing can actually provide a positive learning experience.

The more you understand your strengths and those of the people on your team, the more likely you are to not only be effective, but innovative as well, Manix explained in the session.

During our week at Cornell, my classmates and I also did a networking exercise that showed the power of knowing the people around you and what they have to offer.

We each posted a question on the wall, and any classmate who could help with that concern responded by adding a sticky note with their name on it to our posting. The questions that were asked ranged from how to best transform a call center into a contact center to how to better do mortgages for underserved members to how to effectively measure a CU's community impact. When all was said and done, we distributed a class spreadsheet with all the questions and the names of people who could help with each.

My takeaway: Know yourself and know your team. Together, your strengths can make a difference.

Kari Sweeney (kari@cues.org) *is supplier relations manager for CUES.*

CEO Institute I

Wharton University of Pennsylvania

Alphabetical list of CU participants: Jim Adamczyk; Timothy M. Antonition; Neil Archibald; Clarence Baltrusaitis; Don Belisle; Doreen Bjorkman; Craig A. Booth; Geoff Bullock; Lynn Calvert; Ryan Cannady, CIE; Jay Carstens; Heather Colonius; Kevin Crowe; Corey Dahle; Theresa Dubiel; Michael Dubuque; Travis N. Frey; Steve Glonchak; Fidel Gonzalez; Becki L Hagerman; Thomas Hast; Michelle Hunter; Heidi Hunt, CIE; Brie Husk, CSE; Araceli Iraheta; Rob Jones; John Katalinich; Sean Kelly; Suzie Kisslan; Jennifer Lee; Stanley P. Leicester II; Thomas G. Lent; Lisa Loughery; Frank Madeira; Thom Meyer; Ralph Micalizzi; Helen Mickel; Julie Moran; Jennifer Mullen-Berube; Taylor Murray; Shalini Narayan; Steve Owens; Shannon Pahula; Sean Ready; Woodrow Roberts III; Joseph Robison; Steven Schmidle; Gary Schuette II; Richard Schwan; Rich Seubert; Ken Shea; Kevin Sherrell; John Snodgrass; Jacob Spurgeon; Alan Stoltenberg; Kevin R. Strangman; Bryan Thomas; Mike Tufegdzich; Tammy Vornbrock; Carol Wadleigh; Kim Westphal; James M. Wileman; Diana Wozniak; Brice Yocum; Celeste Zibelli; Mandy Zurbrick

CEO Institute II

JOHNSON Cornell University™

Alphabetical list of CU participants: Scott A. Arkills; Richard Blood, CSE; Chad Bostick, CIE; Eric Bugger; David Burnette; Shannon Cahoon; Randall Carswell; LeVere Catlyn; Martin Christopher; Caleb Cook; Laura Crase; Deborah Fahrney; James Frankeberger; Jennifer Galley; Brent Gifford; Steve Glonchak; Isabel Gomez; Ed Gravley, CIE; Greg W. Hahr; Gregory Hansen; Colleen Harmatiuk; Eric Harvell; Greg Higgins; Kitty Hunter; Eric Huseby; Ashley Jansky; David Kato; Beverley Kiel; Cindy Klein; Julie Kreinbring, CIE; Steve Lattuca; Elliott Lipsey; Jeremiah Lounds; David Luu; Lisa Lybeck; Justin Martin; Carol McBrien; James B. Mears; Justin Mouzoukos; Keli Myers; Lindsey Myhre; Hicham Naciri; Kim Oblak; Paul Olfert; Keith C. O'Neil Jr.; Jim Pack; Lisa Palma; Laura Parham; Skott Pope; Emily Reynolds; Mark Robnett; Andrew Rogers; Chaz Rzewnicki; Mark Sekula; Kristin Shultz, CSE; S. Maxwell Smith; Matt Stephenson; Dona Svehla; Fred Trusty; Brian Vannoy; Audra Weber; Rick Weiss; Wendy Wohr

CEO Institute III

University of Virginia | DARDEN Executive Education

Alphabetical list of CU participants: Greg Apple; Melissa Ashley, CCE; Matt T. Baker; Tom Barnard, CSE; Daniel Bock; Mark D. Brewer, CCE; Stephen Brosinsky; Lisa Brown, CCE; Jonathan Brunson; Chad Burney; Lesley J. Carlson, CCE; Lynn Ciani, CCE; Brad Dewey; Rebecca Gerothanas, CCE; Jill Hall, CSE, CCE; John Hays, CCE; Kendra Holland, CCE; Linda Hoover, CCE; Darcy Jacobs, CCE; Kurt Johnson, CCE; Bill Karls; Paul Kelly; Brian Kennedy; David Klavitter; Diana Kot; Matthew F. Levandowski, CCE; Sherri Mannausau, CSE, CCE; David Mann, CCE; Kevin Martin; Shirley Mayowski, CCE; John P. Miller, CCE; Cheryl Mitchell, CCE; John Moore, CCE; Ronda Morin, CCE; Kevin Myas, CCE; Joanna Oliva; Teresa Owens, CCE; Jason Panchyshyn, CCE; Tom Papagiannopoulos; Laura Parham; Paul Phillips; Lance F. Potter; Jonathan Probst; Kipp Raboin, CCE; Kelli Ragland, CCE; Paul Reilly, CCE; Jeff Reinhard, CSE, CCE; Catherine Ricker, CCE; Diane Rieder, CCE; Brian Ross, CSE, CCE; Vincent Schoonmaker, CCE; Wayne Sisco, CCE; Greg Sol; Renee VanDeWoestyne, CCE; Laura Wante, CCE; Kari Wilfong; Mark Willden, CCE; Trent Williams, CCE; Kristen Wilson; Mark Young

MORE ON LEADERSHIP

CEO Assessment for Credit Unions (*cues.org/ceoassessment*)

CEO Institute (*cues.org/institutes*)

CEO/Executive Team Network™
Nov. 5-7, Nashville, Tenn.
(*cues.org/cnet*)

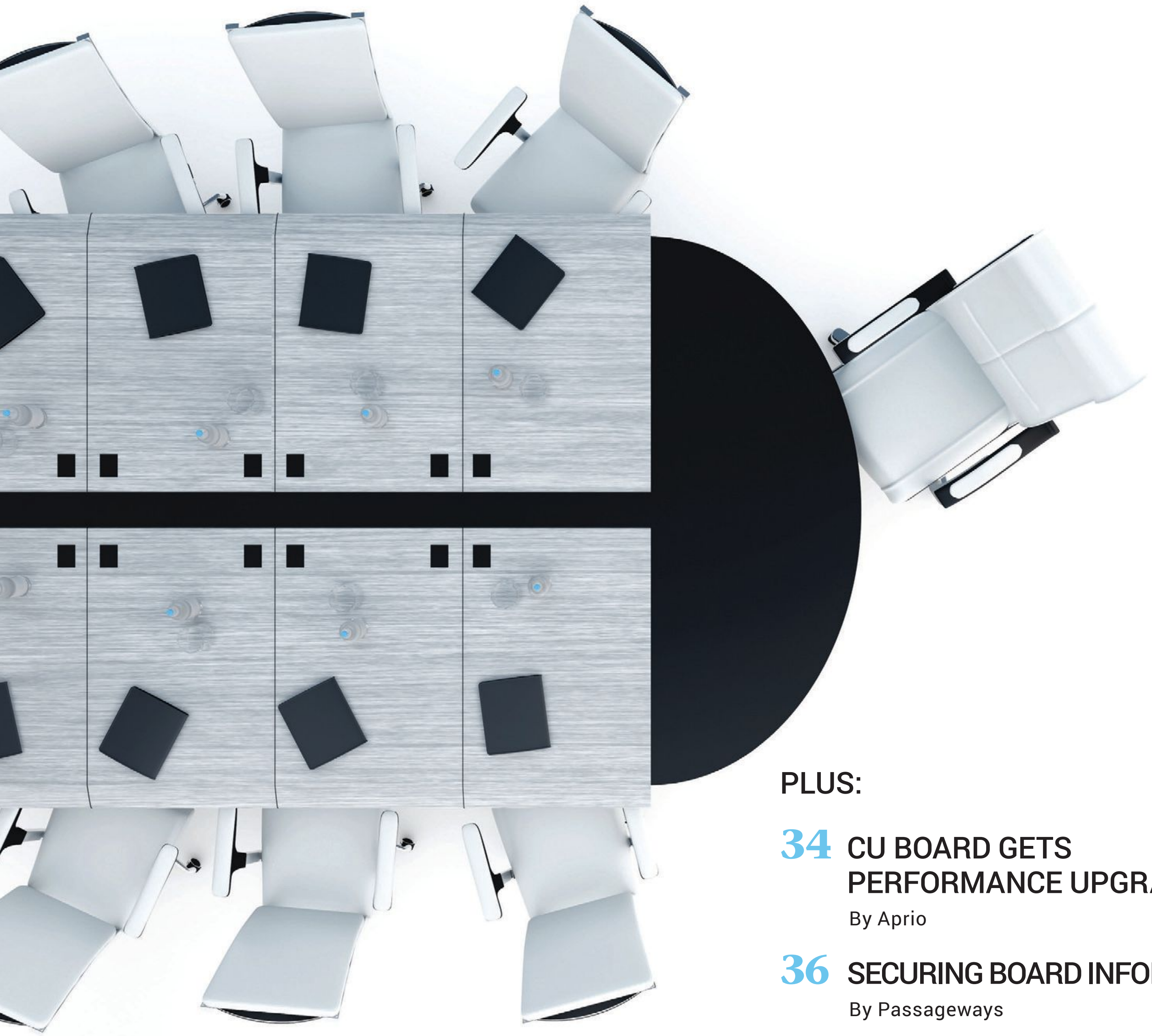
Special Report: Boards

Credit Union Management

SEPTEMBER 2018

The Promise of Portals

Implemented strategically, this board technology can promote director diversity, improve security and make meetings more efficient.



PLUS:

The Promise *of Portals*

IMPLEMENTED STRATEGICALLY, THIS BOARD TECHNOLOGY CAN PROMOTE DIRECTOR DIVERSITY, IMPROVE SECURITY AND MAKE MEETINGS MORE EFFICIENT.

BY STEPHANIE SCHWENN SEBRING

Every credit union board wants to be strategic. Strategic thinking can be boosted when directors have a mix of expertise, demographics and credentials. By encouraging board diversity, boards can incorporate broader views and better represent the membership. But credit unions sometimes find attaining this diversity at the board level a challenge.

They're not alone. According to a 2017 survey by the Investor Responsibility Research Center Institute (*irrcinstitute.org*), 80 percent of S&P 500 boards have an average age in the 60s, with little difference by company size and industry, and the median average age for all boards is 62.4 years.

Can portals help attract diversity?

Absolutely, says credit union CEO and CUES member Amy Nelson of $100 million Point West Credit Union, (*pointwestcu.com*), Portland, Ore., especially age diversity. Younger directors join expecting to have convenient access to information to prepare for board meetings and that meetings will be run efficiently online. Point West CU uses the portal from CUES strategic provider Aprio (*aprio.net*), which is also used by CUES to manage its own board.

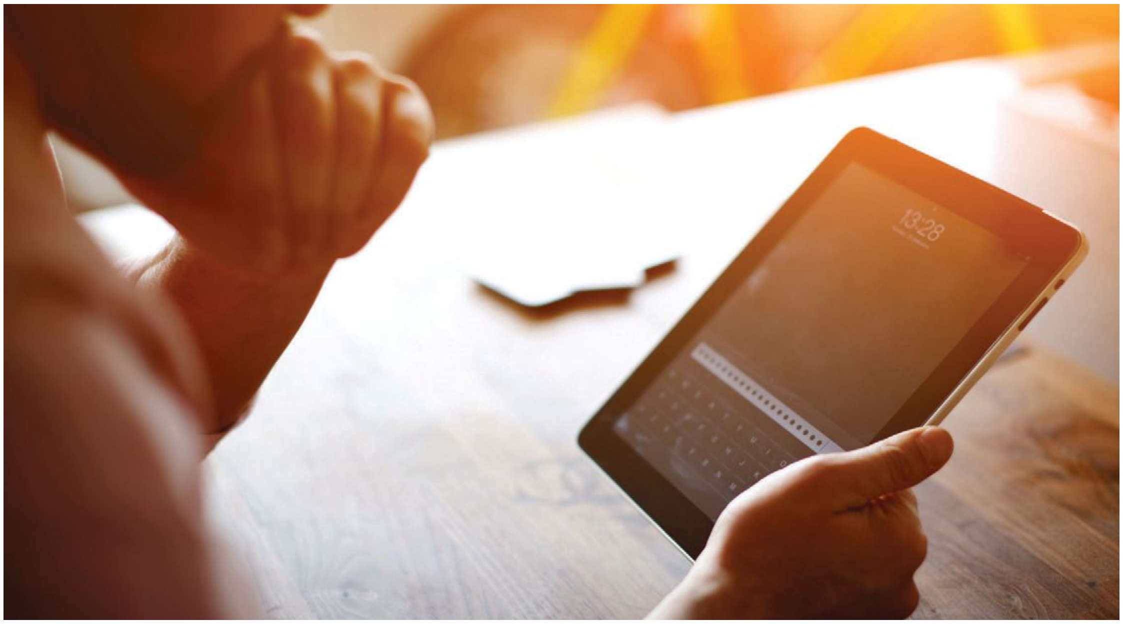
Ian Warner, CEO of Aprio, adds that achieving board diversity isn't just about attracting diverse members, it's about ensuring every director has an equal voice. Board portals are critical for providing a forum beyond meetings for online discussions and surveys, and ensuring same-time access to complete information for every director.

CUES member Amy Sink, CEO of $1.2 billion Interra Credit Union (*interracu.com*), Goshen, Ind., agrees that portals can help with board diversity if you implement your portal strategically, with features that appeal to the board members you wish to attract. Her credit union uses the portal from CUES Supplier member Passageways (*passageways.com*), LaFayette, Ind., to help its directors securely communicate and share documents.

"Credit unions that create a formal strategy around their portal with features that align with corporate goals will see a positive impact," she says.

A board that wants to attract younger directors might find that offering an electronic board portal supports that vision, suggests Randy Schilling, president of BoardPaq LLC *(boardpaq.com)*, St. Charles, Mo. "Younger individuals want to access your information from their mobile phones and tablets. If they use the device that they're most comfortable with, there's no learning curve."

Using a portal also means using less paper, which younger directors tend to favor. "These directors often have an aversion to paper, much like their older counterparts may have once resisted computers or technology," says Kenny O'Reilly, president of CUES Supplier member MyBoardPacket.com (*myboardpacket.com*), Arroyo Grande, Calif. "Portals replace the printing, collating, mailing and reading of large stacks of paper, and subsequently the need to transport and sort through piles of paper during your meeting. Fumbling through stacks of papers can be a real turn-off to younger board members.



MORE ON BOARD PORTALS

Successfully Implementing a Board Portal (*cues.org/0818successfully*)

Shopping for a Board Portal? (*cues.org/011718skybox*)

From Packets to Portals (*cues.org/0118packets*)

Directors Conference Dec. 2-5, Waikoloa, Hawaii (*cues.org/dc*)

And your board members can prepare for a meeting anytime, knowing they have access to the portal."

APPEALING TO EVERYONE

Other board members don't typically object to using an electronic board portal, either. "At H-E-B FCU, almost everyone has a mobile device and offering mobile access to our board fits perfectly," says Jessica A. Ruiz, senior executive assistant of $170 million H-E-B Federal Credit Union (*hebfcu.org*), San Antonio, which uses MyBoardPacket. "The mobile feature is interactive, easy-to-use, and the software is accessible anytime, anywhere."

When you can customize and streamline board portal information, including tabs that make sense and a structure that follows your meeting format, you can make a portal simple and efficient for directors to use—no matter their technical expertise.

"If a portal is easy to navigate, it can appeal to even the least tech-savvy board member," stresses Ruiz.

Warner says that at Aprio, "We train directors one-on-one. If there is an older or a more dissident, resisting director—no matter their age—we train them first. This one-on-one training has proved valuable by showing all participants the ease of use."

And if older directors tell you they don't want a portal because they don't want to use a computer, hand them an iPad with the iPad app running via a test portal, says O'Reilly. "Credit unions report back to us that older users who normally would not use a computer have loved the iPad app."

Schilling concurs that iPads can help. "Still, it's important that implementation is well organized. To help with the transition, we recommend projecting the portal initially in the boardroom, so users can follow along as they learn." Also, gradually incorporate the more advanced features, such as voting, strength/weaknesses/opportunities/threats analysis tools, and access to minutes of past meetings, he suggests.

SECURING SOLID SECURITY

Besides encouraging director diversity, security is another important reason to use a portal.

Portals secure the information exchange and document sharing of sensitive content between the credit union and board, notes O'Reilly. "However, if you upload files to the cloud, it may mean the exact location of the files is unknown—if the files are stored and distributed on an inexpensive storage server that neither you nor your vendor owns," he cautions. "Ask if your vendor owns and operates its servers and software. The answer should be yes."

Robust security settings are a must, adds Ruiz, and users need to be confident that the information is safe and sound. "While a portal can meet a credit union's communication needs, at H-E-B FCU, we've also implemented the portal as a disaster recovery tool. This ensures the data is available to board and management in the event of an emergency."

Schilling recommends that credit unions study a board portal's settings to find the right balance between security and ease of use. "Default configuration settings are the most secure settings possible," he submits, "but aren't necessarily the most user-friendly. Based on your organization's risk profile, ensure you have configurable options that can adapt to your needs."

A secure portal should offer:

- configurable two-factor authentication;
- password complexity and expiration settings;
- biometric support including touch ID and face ID;
- secure password recovery;
- account lockout settings;
- session duration settings;
- multiple admin access levels;
- audit logs;
- 256-bit AES data encryption in-transit and at rest; and
- two annual audits.

MAKING THE MOST OF MEETINGS

Sink also recommends that credit unions "select a portal that will match how you prefer to run your meetings."

At H-E-B FCU, most board meetings are held virtually. "For us," Ruiz says, "the board portal is not only a time-saving tool for busy board members, but also a cost-effective tool. Hosting meetings online has reduced both travel expenses and supply costs."

For directors who choose to attend remotely, a portal can typically allow you to share the computer screen. "For example, some of our credit union customers allow remote attendance if driving conditions are unsafe or directors are out-of-town," says O'Reilly. "Directors may choose to participate via a conference call or watch the same screen as attendees in the boardroom by using screen-sharing tools."

Ultimately, a credit union's portal should uphold your board's overall mission and fiduciary responsibilities. "This is your board's most vital role—providing direction and oversight—and why they're serving your credit union," Sink says.

Warner echoes this sentiment: "Innovative CUs are using portals to review and assess their board's development, continuing education and skills; regulators can use it as an audit trail to see exactly how the board is complying with its responsibilities."

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 credit unions, industry suppliers and any company wanting great content and a clear brand voice. Follow her on* Twitter@fabprose.

CU Board Gets *Performance Upgrade*

A CASE STUDY OF HOW APRIO SUPPORTED YOUR NEIGHBOURHOOD CU BOARD'S EVOLUTION INTO A HIGH-PERFORMANCE TEAM

BY APRIO

After 20 years as the chair of $1.5 billion Your Neighbourhood Credit Union, John Haines says board engagement, responsiveness and the ability to make rapid strategic decisions are critical to his organization's success.

While the Aprio board portal (*aprio.net*) is one of the Your Neighbourhood CU board's key assets, Haines was initially skeptical of its value, seeing it as an unnecessary cost. Simply incorporating new software wasn't enough to move the needle. Aprio had to deliver bottom-line value to earn its keep.

That started with security.

A SOLUTION FOR DATA RISK AND BOARD AUTONOMY

Your Neighbourhood CU (*yncu.com*), Windsor, Ontario, had built an internal system to share board material, but information was unencrypted and unsafely distributed. They were at risk of a data breach. "It's a huge reputational risk," says Haines. "If people find out your information is being shared around, that's significant."

With Aprio, staff can provide board members secure access to information inside the board portal without compromising internal credit union systems. Board material shared via Aprio is encrypted and secure.

Aprio also supports board autonomy. As Haines explains, "One key thing a lot of boards are missing is you want to have different information available to the board versus management." Within Aprio, each document and discussion can be private to non-management or specific committee members, or open to the entire board.

A HIGH PERFORMANCE BOARD EQUIPPED TO WIN DEALS

The board portal provides both a management and competitive advantage. Before, when a commercial opportunity arose, Haines would be on the phone for hours trying to reach people and obtain board consensus. Now, board members can vote in a poll in the portal via mobile phone or other device, from any location. A decision can be made in minutes.

"The ability to make a quick decision makes us a great partner," said Haines. "If you're performing at a different level than your peers, that gets noticed. We've won deals because of fast decision-making, and it also gives us negotiating leverage to obtain better terms on deals."

HIGHLY PREPARED DIRECTORS

Haines has high expectations for director contribution and holds everyone accountable for being informed and decision-ready. Aprio reports give visibility into directors' participation. "You see directors preparing weeks in advance, going to documents numerous times versus the director that only begins prep an hour before the meeting," Haines explains.

STRESS-FREE SUCCESSION

The portal also helps with board training and succession. "New directors who haven't seen Aprio are immediately impressed with how quickly they can get up to speed," Haines says. "Aprio keeps them looped in all year round and offers helpful support that's flexible, no matter how tech-savvy a director is."

RAPID REGULATORY REPORTING

Aprio's document storage also provides a full history and rapid search capabilities to efficiently compile compliance reports.

Haines says, "Aprio ensures that we have the detail we need and that we're able to compile reports quickly from data in hundreds of documents."

THE BOTTOM LINE

When asked what advice he would give other credit unions, Haines simply says, "Use Aprio. You'll never regret your decision." He adds, "It's clear that Aprio spent the time and effort to develop the technology and deliver the service that boards need."

CUES strategic provider Aprio makes good governance simple and affordable. Our simplicity and affordability make us the first choice portal of credit unions, financial institutions, crown corporations, non-profits and public companies across North America. Founded in 2003, Aprio is proud of our reputation for the best customer experience in our industry. Visit aprio.net *to learn more.*

The Challenge: *Securing Board Information*

OnBoard
by Passageways

A CASE STUDY OF VISIONS FCU

BY PASSAGEWAYS

Visions Federal Credit Union (*visionsfcu.org*), Endicott, N.Y., began as a service for IBM employees in 1966. Today the CU boasts 187,000 members across New York, New Jersey and Pennsylvania, 46 branches and $4.1 billion in assets. Being an industry leader means having governance commensurate with the responsibility members entrust in the organization. Unsurprisingly, the CU's nine-member board was an early adopter of a digital board meeting solution. In early 2010, it issued directors iPads for reviewing their board books. Seven years later, as the importance of security grew, the CU's leadership knew it was time a new solution.

Cynthia Schroeder, Visions FCU's chief information and innovation officer, described the moment it became clear they needed a new board portal: "The importance of two-factor authentication and the significance of security in a board portal became a priority as we continued to advance our maturity levels in all domains."

The CU reached out to its partners at Forrester Research (*forrester.com*), who provided a list of top board portal providers. In addition to robust security, Visions FCU needed its portal to be easy for administrators and directors to use; and the CU wanted a period of trial use before signing a contract.

The Solution

One solution became an easy front-runner—Passageways OnBoard. "What stood out for me was the layout. OnBoard's ability to use a trial—that was the best," recalls CUES member Tracy Thomas, Visions FCU's executive assistant to the CEO. "I loaded actual board books into OnBoard, and it was by far the easiest to use. It required the least number of steps, the least number of clicks, so that was huge for me. I thought from a user standpoint it was very easy to use. I thought it would be really easy for the board to grasp."

The Results

OnBoard had the fortified security and two-factor authentication that the credit union needed, the ease of use they wanted, and the ability to leverage a full-featured trial before making a commitment. This led to an easy decision for Visions FCU. "We came back together and did pros and cons and narrowed it down to Passageways OnBoard," Thomas says.

"Passageways met everything we were looking for, right up front," adds Schroeder.

The positive experience from the trial continued through implementation. "I have had a fantastic experience with Passageways right from day one," Thomas says. "Passageways was very attentive. Anything I asked, I had the answer that day. It let me hit the ground running. I just wanted to get going with the whole project, and everything was seamless. For one thing, right after we signed the contract, there were already enhancements to OnBoard. That just shows us that Passageways is dedicated to providing regular enhancements, which is great!"

As Visions FCU looks ahead, Thomas and Schroeder are confident that OnBoard is the right solution for their credit union. "I have uploaded a vast amount of material to OnBoard, and I had a few suggestions. I contacted John, our Passageways customer success manager, and he turned in a ticket for each of them," Thomas explains. "I just had a phone call with David Alder, OnBoard's product manager. I think that's awesome. It's just so nice to know that Passageways actually cares! They care what their users think. I just find it incredible."

Paroon Chadha, Passageways co-founder and CEO, appreciates the importance of trust between vendors and credit unions, "Passageways got its start with an investment from a credit union service organization. And when it comes to a credit union's governance platform, you have to ensure that your vendor will keep you secure while providing the best in class product. It's an immense joy to see a startup born in the credit union space now powering some of the most powerful boards, including public and private enterprises, across the world."

For more information from CUES Supplier member Passageways about the OnBoard Next Gen Board Portal, call 765.535.1882, email more@passageways.com *or visit* passageways.com.


Visit MyBoardPacket.com for a free instant demo!
• Requires no IT skills to manage portal
• Saves paper, publishing and mailing costs
• Archive board packets, policies, regulatory compliance and any other documents
• Discussions, calendars and voting
• Great for loan approval committees
• Great for NCUA examiner audits
• Works on all devices
"We have found MyBoardPacket to be very easy to use and a big time saver"
Matt Kaubris, Chairman/CEO
Oxford FCU
MY BOARD PACKET
Available on the App Store

The Challenge: *Simplify Board Meetings*

A CASE STUDY OF 1ST FINANCIAL FCU

BY DUSTIN MCKISSEN, FOR BOARDPAQ

Carol Minges, CEO of $260 million 1st Financial Federal Credit Union (*1stfinancialfcu.org*), Wentzville, Mo., wanted to help her board be more efficient in conducting meetings and managing materials, so she looked for a paperless solution. The previous process of paper packets was no longer giving them the needed functionality.

"This process didn't give our board members opportunities to save their notes," she says. "They would take notes at the board meeting, and then we would shred them. They didn't have any type of historical reference. We wanted BoardPaq so they could keep track of what had been said in previous meetings and then have access to those minutes in the meetings if they needed to go back to them, so it's helped in that respect."

THE SOLUTION

After comparing several products, Minges decided on BoardPaq, which offered key items, including security; voting; an iPad app, Windows App, Android App and web access; affordable pricing; archiving; and a document library. The deciding factor for Minges was usability. "[The] product made the most sense to us when we really thought about how our board members would use it."

Before using BoardPaq, meeting information was sent through secure email. A hard copy was handed out at the meeting. After the meeting, packets and any notes directors had written were shredded.

For 1st Financial FCU to transition its board, the CU decided to roll out the product in several steps.

Minges first purchased iPads for the group and set up Wi-Fi in the boardroom. iPads were given to the directors but still property of the CU. The CU also created an acceptable use policy for the iPads. The tablets were configured by the CU to enforce security policies and ensure remote wipe capabilities were available.

Minges and the board chair set up the portal. Using BoardPaq's web-based administration center, they added user profiles, uploaded meeting documents and created an agenda. Then they were ready to test it.

At the next board meeting (back in 2014), Minges and the chair showed the six other directors how the portal looked and functioned. At the next meeting, they handed everyone an iPad, login credentials, training materials and a paper packet.

At a third meeting, board members were expected to use BoardPaq, and no paper packet was provided. The directors had varied skill levels with technology. Overall, the group was excited about the transition.

"I asked everyone earlier in the year if they wanted to do something like this to help reduce printing costs, and we made sure that everyone was in agreement to move forward."

THE RESULTS

Minges can already see the benefits of the transition.

"We've reduced the paper costs and increased the security of information because we don't have that paper floating around," she says.

Board meetings are more productive, too, because directors can bring their notes with them, plus they receive the materials a week in advance of the meeting. Staff costs in putting together packets have decreased, and the ability to use the minutes builder feature to create minutes has simplified the process.

One of the board's favorite features with BoardPaq is the library where Minges loads reference materials, like by-laws and policies. The CU also uses BoardPaq for asset liability committee meetings. The CU plans to add the use of the portal to supervisory committee meetings.

Make the switch to BoardPaq and go paperless to help improve your board's security, productivity and costs, like the boards and committees at 1st Financial FCU. Hear more about their story or start a free trial by scheduling a free demo today at *boardpaq.com*!

Dustin McKissen, CAE, *is founder of McKissen + Company* (mckissen.co)*, an association management and marketing firm. He has served as an executive or consultant to a wide variety of trade associations, professional societies and nonprofits.*

What's New *in Digital Signage*

TOP TRENDS AND THE FUTURE OF MEMBER ENGAGEMENT

BY DOUG BRAUN

Financial institutions, particularly credit unions, were early adopters and continue to be at the leading edge of employing digital signage, video walls, kiosks, tablets and other products in their branches to create member experiences that are more engaged, satisfying and meaningful. In the past, cost was an impediment to multi-product implementations. The complexity of integrating several technologies to work together in a concerted fashion remains a challenge in delivering an immersive member experience in the branch. But the next evolution of digital signage will support a seamless member journey, resulting in more needs met, added relationships and a stronger credit union.

SCREENS: BIGGER, LIGHTER, MORE AFFORDABLE

The increasing affordability of video displays is making it possible for CUs to deploy more and larger displays, including multi-screen video walls and touchscreens, to create compelling visual and interactive experiences in the branch and expand the amount of information available to members. It also keeps members' attention from straying to the 6-inch smartphone screen in each pocket or purse.

Driven by growing demand for larger displays, manufacturers expanded production of LED screens and have been competing aggressively for market share. The last five years have seen screen prices drop by 15-20 percent, while lightweight LED technology has made installation less complex and costly.

MEDIA PLAYERS: SMALLER, SMARTER, MORE RELIABLE

As screens get bigger, the "brains" that present content on them have shrunk dramatically—without sacrificing capability or performance. Thanks to ongoing advances in chip production, data density on integrated circuits is doubling every 18 months, resulting in smarter systems in smaller packages. With an appliance no larger than a pink school eraser, credit unions can present high-definition video content on the largest displays, video walls or interactive screens. Both Intel, which features Windows-based systems, and inLighten, which offers both Windows and Android-based systems, manufacture ultra-compact digital signage sticks with integrated software. Other options, like Raspberry Pi products (*raspberrypi.org*), offer basic computers that require integration with digital signage software from a third-party.

Ultra-compact design has significantly reduced player cost, and made installation simpler and less costly. This flexibility is enabling credit unions to explore more creative ways to incorporate a variety of digital signage touchpoints into branch design.

CONTENT MANAGEMENT SYSTEMS: CLOUD-BASED, POWERFUL & PRECISE

Cloud-based digital signage solutions are making it easier and more efficient than ever to manage a digital signage network. Fluid, intuitive user interfaces can now be accessed from any device at any time, and the learning curve is short. Credit union administrators can easily access every aspect of creating, programming and delivering the most effective messaging mix to their members.

With a cloud-based system, CU marketers can integrate video and graphic content they've produced as well as access libraries of editable content, incorporate social media favorites like Twitter, select from online video aggregators like YouTube or add streaming media sources via RSS.

Design software within the CMS also enables content composition and editing on-demand from any device. For example, do you want a back-to-school message in your lobby? In just a few steps, your marketer can pull up school-related images, add the appropriate text and publish the message.

In addition, an ever-expanding selection of value-added content programming—such as news, weather, sports and entertainment features—are available to sustain viewer interest. With controls for defining content destinations (for example,

MORE ON BRANCHES

Facility Solutions: The Branch Romance *(cues.org/0618facility)*

Branch Transformation *(cues.org/0618branch)*

It Pays to Have Displays *(cues.org/0417displays)*

The Writing's on the Wall *(cues.org/0816wall)* lobby vs. billboard, or branch A vs. branch B) and message scheduling with ever greater granularity, marketers can more precisely match their messages to the right member at the right time.

THE FUTURE: CONVERGENCE, CONVENIENCE, CHOICE

Consolidated control for all digital displays in a single content management interface will enable big-picture control of all touchpoints on a single dashboard so that content, scheduling and presentation occur across multiple devices and allows CUs to create a truly coordinated in-branch member experience.

In addition, systems integration will enable digital signs, tablets, kiosks and other devices to interact with and react to one another based on conditional programming that responds to user inputs at any touchpoint. For example, a member who uses a check-in kiosk or tablet at a branch and identifies the reason for her visit as interest in information about mortgages may trigger presentation of mortgage-related content on flat-screen displays in a seating area while she waits to meet with a service representative.

Driven by consumer demand for broader choice, greater convenience and more control, the future of member engagement will soon incorporate menu presentation concepts that provide more at-a-glance exposure to a wider range of product offerings. Taking their cue from social media sites like Pinterest, credit unions can use large displays and video walls that allow them to display 10, 15 or 20 product prompts on-screen at the same time. Analogous to the way quick-serve restaurants pair digital signage that dynamically presents menu items with kiosks that consumers use for order entry, CUs can make tablets and kiosks available for members to learn more about products and services they've seen on their CU's multi-message "menu board." Using tablets, members can watch videos, print literature in the branch or have applications sent to their home email. Ultimately, the product and service selection made by members will be analyzed in real time to deliver more predictive menu board messaging, using intelligent algorithms to assemble content rotations that reflect member interests at any given time.

As digital signage and member engagement evolves, CUs will learn more about their members, respond more effectively, solve their problems and help them achieve their goals.

Doug Braun *is a senior vice president at CUES Supplier member inLighten* (inlighten.net)*, Clarence, N.Y. , a credit union service partner that provides digital signage, interactive and audio solutions.*

Tracking the *Black Hats*

BY STEPHANIE SCHWENN SEBRING

People who deeply understand how fraud works can use that knowledge for good or bad. Serving credit unions for over 25 years, Brian Scott works outside the box, crafting cutting-edge fraud-prevention solutions. Scott and his team members definitely wear the telltale white hats of the "good guys."

"Our goal is to track the evolving strategies of professional criminals and to ultimately help our credit unions and their members detect and prevent fraud," explains Scott, SVP/sales & solutions consulting for CUES Supplier member PSCU (*pscu.com*), St. Petersburg, Fla.

Not long ago, fraudsters—the "black hats"—zeroed in on the payments side, using stolen accounts and counterfeit cards for bogus transactions. "But with fraud-prevention measures like EMV chip technology, the charlatans have shifted to using phone, online and mobile channels to steal card data [and] rewards points, or [to] commit card-not-present fraud," explains Scott.

"We're continuing to see fraud evolve into different channels like the call center and through IVRs (interactive voice response systems). Here, fraudsters may attempt to 'validate' card account information or change the password or mailing address," notes Scott. "If they change the address, the crook will typically request a new card be sent to that address. They may have to wait months or even a year to receive the new card—and then will begin using it. Fraudsters are also stealing rewards points to purchase smaller-increment gift cards, knowing that many institutions won't chase the lower dollar amounts."

There's also an increasing amount of card-not-present fraud online. "We thought the intent would be for larger ticket items, like electronics," submits Scott. "But instead, it's smaller gift cards that are dominating. In effect, this has become a new way to launder money."

Criminals are inventive, well-organized and run their operations professionally. "In our industry, we must be equally smart and as quick to recalibrate," stresses Scott. "This requires investing in people and technology and leveraging the array of data at our disposal."

To illustrate, PSCU cross-references data from the call center to watch for trends that are leading indicators of fraud: non-monetary transactions, like name and address changes; transaction data, to track cash advance, rewards and balance consolidation activity; and biometrics data, just to name a few.

The key is to be proactive, adds Scott. "This includes following all of the above data patterns and using not just artificial intelligence and machine learning, but also our most valuable asset, our human talent, to block potential fraud."

While this scrupulous work may not exactly fit the "James Bond persona," it does hold tremendous appeal for those who are inquisitive and love a challenge—and can make deductions like the criminals they study.

"Our team at PSCU seems to thrive on this undercover work," notes Scott, which includes collaborating with law enforcement, merchants and logistics experts. "Our challenges are similar, and we learn a lot from each other. It can be like uncovering a crime ring; together, we watch for patterns or uncommon links."

However, the intel provided by members remains most important.

"Reminding members to watch for fraud and encouraging their use of card controls (such as PSCU's new alerts and control solution) is essential," concludes Scott. "If your member can recognize and report fraud in real time, there is a much greater chance of success."

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

Making Every *Call Count*

BY STEPHANIE SCHWENN SEBRING

"When I think of great customer service, I think Nordstrom's," says Terri Panhans, VP/contact center solutions for CUES Supplier member Harland Clarke (*harlandclarke.com*), San Antonio. "I appreciate the excellent service that contact center provides; the associates are responsive, knowledgeable and empowered—and always follow through. I suggest any credit union wanting to elevate the contact center experience to consider this example."

Indeed, for today's contact center, driving value is the bottom line.

Panhans says there's no doubt about the contact center's evolving role, certainly from a decade ago, but even within the last year. "Contact centers have moved from primarily being transactional order-takers to strategic growth centers. The best ones are at the heart of their organizations, strengthening member relationships."

Contact centers were once viewed as cost centers, continues Panhans. "Their goal was to handle as many calls as quickly as possible; efficiency and productivity were the golden benchmarks. But today's contact centers have become ... as I like to call them, 'member engagement centers.'"

A CHANGE IN NATURE

Overall call volume is on the decline as well, mainly because of the assortment of self-service channels available. This has dramatically changed the value of each call, Panhans observes, and it's essential for credit unions to make the most of every one.

It also means the nature of the call is changing, with most now revolving around an issue, concern or opportunity. (In fact, 100 percent of account holders choose the contact center over an online inquiry for issue resolution, according to a McKinsey & Company 2014 report.)

"Contact center employees are your problem-solvers, relied upon to fortify member loyalty at a very critical touchpoint," stresses Panhans. "And in a multichannel world, members expect higher value from every human interaction."

How credit unions recruit, train and develop contact center staff is also evolving.

"Seek individuals who want to be your members' trusted advisor," advises Panhans. "Look for individuals who care—really care—not just those with experience. These individuals recognize that their work goes beyond a transaction and brings value to enrich a life."

ELEVATING YOUR CALL CENTER

Like all initiatives, advancing your contact center starts from the top.

Successful leaders will realize the importance of their contact centers and be willing to make investments in technology, training and people. "They will ask the hard questions," adds Panhans. "For instance, how do we want the member to feel after a call? What does contact center leadership need to look like to drive these changes?"

Also, garner member feedback—understand where you are now and where you want to be in the future, she says. "And don't forget the voice of the associate; empathize with their challenges, ask for input and provide the necessary training and recognition."

And like Nordstrom's, always take the time to listen and understand.

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CUES Rolls Out New *Membership Structure and Benefits*

CUES is pleased to announce the launch of a new membership structure with enhanced benefits designed to better serve the needs of its members in educating and developing credit union CEOs, executives, directors and future leaders (*cues.org/2019membership*).

"We took a good look at what our members thought about us as an organization and how instrumental we were to their development, and we realized there was room for improvement," says CUES President/CEO John Pembroke. "As the leader in credit union talent development, our new memberships provide industry leaders with the tools and resources to strengthen their credit union and cultivate the skills of their team and retain their best employees to ultimately win the war for talent."

There are three new CUES Membership tiers for both staff and directors: Individual, Unlimited, and Unlimited+. Each membership tier features new and enhanced benefits, and both unlimited levels allow credit unions to add as many employees and board members as they wish for one flat rate.

Designed directly from member input, the new CUES Membership is engineered to better serve the needs of credit unions and help staff and boards of directors realize their full potential. The simplified membership levels include greater access to CUES' most popular offerings like Elite Access™ Virtual Classroom and the industry's leading online education for boards of directors, providing more content and comprehensive benefits than ever before. Some of the new benefits include individualized curated content and learning pathways, and peer-to-peer networking and sharing through a robust online community.

"CUES Membership has always been more than just event discounts. Now we're reinforcing belonging to an elite community with benefits specially designed to help you and your credit union thrive," says Jimese Harkley, VP/membership at CUES.

CUES Welcomes Hyland *as CUESolutions Provider*

A CUESolutions Bronze Provider

CUES is pleased to welcome Hyland (*hyland.com*), a leading provider of software solutions to manage content, processes and cases, as a 2018 CUESolutions provider (*cues.org/cuesolutions*). As the only CUESolutions technology provider, Hyland's experts will offer CUES members technology best practices and insights to streamline processes, digitize data and optimize business practices enterprise-wide.

CUES identifies CUESolutions providers as experts and partners with them to showcase their thought leadership to its membership. CUES selected Hyland after a rigorous evaluation process to identify a technology vendor that can provide members with unbiased industry insights to help them map out new technology or modernization strategies, select the right vendor to fit their needs and reap the full benefits from the technology investments.

"In the fast-paced and ever-changing financial services industry, credit unions are looking to experts to help them understand the complex changes they face and technology solutions available to meet their needs," says John Pembroke, president/CEO of CUES. "Hyland's history of serving credit unions was a perfect addition to our CUESolutions providers, and we're looking forward seeing our relationship thrive."

"Partnering with CUES bolsters our strength, commitment and dedication to the credit union industry—which we've proudly served for more than 25 years," says Michelle Harbinak Shapiro, financial services solution marketing manager at Hyland. "We're excited to provide CUES members with educational posts and video best practices to help them plan and successfully achieve their strategic technology initiatives."

Webinars

The CUES Webinar series (*cues.org/webinars*) offers hot topics presented by industry experts. CUES members can attend all webinars for free and access a library of webinar playbacks.

SEPTEMBER 12
1 p.m. Central
More Benefits, More Value: Maximizing the Return on Your Investment—A Look at the New CUES Membership

SEPTEMBER 13
1 p.m. Central
Hot Topics in Regulatory Compliance

SEPTEMBER 20
1 p.m. Central
Best Practices for Addressing Cyber Risks and Cyber Insurance

SEPTEMBER 27
1 p.m. Central
Talent: Developing & Leveraging Your Most Valuable Asset

OCTOBER 9
1 p.m. Central
Dust Off Your Deposit Acquisition Strategy

AD INDEX

To advertise, email *cathy.woods@mediawestintl.com* or visit *cues.org/advertise*. CUES partners and CUES Supplier members are noted in **bold**.

Aligning Strategy *With Core Purpose*

"Your core purpose, vision and mission should be the basis for all strategies and initiatives moving forward," says Bryn Conway, principle at BC Consulting (*bccstrategies.com*), Rockville, Md., in the CUES Podcast Episode 55 (*cues.org/podcast55*). "It will help answer questions such as whether or not to merge, what new SEGs to target, and how to shape your service delivery and what product lines to support. I always think about it like this: If any new idea doesn't pass the strategic gut check—the test of aligning with your core purpose, vision and mission—don't do it. It's really that simple."

Conway is just one of the many credit union industry leaders and outside strategy experts attendees will see at CUES' 2018 Directors Conference, Dec. 2-5 in Waikoloa, Hawaii. In her breakout session, "Got the Urge to Merge? Things to Consider Before You Do," Conway will discuss how to take a proactive approach to mergers to create opportunities that will complement your credit union's growth strategies and help better serve members.

At Directors Conference, you'll gain a deeper and broader understanding of industry trends, enhanced skills and new approaches to governance—critical competencies for 21st century credit unions. Keynote speakers Phil Hansen, Sandra Joseph and Scott Burrows will inspire you to think creatively about turning challenges into opportunities, to persevere in the face of adversity, to be flexible, and perhaps above all, to have courage. In his keynote, John Sileo will remind attendees that there must be a healthy balance between human behavior and security. He'll help guide you through building a mindset and culture that evolves with threats as you navigate the confusing web of cybersecurity.

Attend CUES' Directors Conference (*cues.org/dc*), Dec. 2-5 in Waikoloa on the Big Island, Hawaii.

Learn, communicate and grow as credit union leaders and decision-makers—directors can register at cues.org/dc. Don't delay! Rates increase $400 after Oct. 18.

2018-2019

CUES SCHOOL OF MEMBER EXPERIENCE™
Sept. 10-11
Embassy Suites by Hilton Denver
Downtown Convention Center

CUES SCHOOL OF BUSINESS LENDING™ III: *STRATEGIC BUSINESS LENDING*
Sept. 10-14
Embassy Suites by Hilton Denver
Downtown Convention Center

BOARD CHAIR DEVELOPMENT SEMINAR
Sept. 10-11
Omni Amelia Island Plantation Resort
Amelia Island, Fla.

CUES DIRECTOR DEVELOPMENT SEMINAR
Sept. 12-14
Omni Amelia Island Plantation Resort
Amelia Island, Fla.

CUES SCHOOL OF IT LEADERSHIP™
Sept. 12-14
Embassy Suites by Hilton Denver
Downtown Convention Center

CUES CERTIFICATE IN BUSINESS LENDING
Sept. 13-14
Embassy Suites by Hilton Denver
Downtown Convention Center

CEO/EXECUTIVE TEAM NETWORK™
Nov. 5-7
Westin Nashville
Nashville, Tenn.

VERTEX LIVE: MANAGEMENT Development Program
Nov. 6-8
Corporate College East
Warrensville Heights, Ohio

DIRECTORS CONFERENCE
Dec. 2-5
Hilton Waikoloa Village
Waikoloa, Big Island, Hawaii

CUES SYMPOSIUM: A CEO/CHAIRMAN EXCHANGE
Jan. 27-31
Grand Hyatt Baha Mar
Nassau, Bahamas

EXECU/SUMMIT®
March 10-15
Westin Snowmass Resort
Snowmass Village, Colo.

CEO INSTITUTE I: *STRATEGIC PLANNING*
April 7-12
The Wharton School
University of Pennsylvania
Philadelphia

EXECU/BLEND™
April 28-May 1
Hyatt Regency Sonoma Wine Country
Santa Rosa, Calif.

CEO INSTITUTE II: *ORGANIZATIONAL EFFECTIVENESS*
April 28-May 3
Samuel Curtis Johnson School of Management, Cornell University
Ithaca, N.Y.

CEO INSTITUTE III: *STRATEGIC LEADERSHIP DEVELOPMENT*
May 5-10
UVA Darden Executive Education
Charlottesville, Va.

CUES SCHOOL OF APPLIED STRATEGIC MANAGEMENT
May 6-9
Embassy Suites by Hilton Orlando
International Drive Convention Center
Orlando, Fla.

CUES SCHOOL OF BUSINESS LENDING I
May 6-10
Embassy Suites by Hilton Orlando
International Drive Convention Center
Orlando, Fla.

CUES GOVERNANCE LEADERSHIP INSTITUTE™
June 2-5
Rotman School of Management
University of Toronto

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

Ask, Talk, *Listen, Repeat*

BY JAMIE CARTER-SEIBERT

In the 1970s, there was a perfume commercial that said, "If you want to capture someone's attention, whisper." While that may work on TV, it probably isn't a great strategy for problem-solving in the workplace. So how do you get someone's attention in a meaningful way? And once you've gotten it, how can you communicate most effectively?

Start by being clear about your goal for the conversation ahead of time. Are you asking for something specific? Looking for clarification? Do you hope to resolve a conflict? If you can practice communicating effectively about little things, you'll develop skills that can help you get through more difficult conversations. Here's a strategy to get you started:

1. Respectfully ask for the person's attention—"Could I have about 15 minutes of your time to talk? When would be good for you?" Asking if people are available shows that you realize their time has value. If someone is busy, stressed, or over-committed, the conversation will be doomed before it starts. Think of this first step as an invitation.

2. Know your audience—This is an often-unrecognized component of effective communication. Is your listener a "big picture" person who prefers an overview, or is she a detail-oriented person who needs all the possible information before she responds? Does your listener talk to think? Does he brainstorm out loud? Or is your listener someone who thinks to talk, someone who needs time to process information before answering? It's helpful to know your listener's style, so you can reach him or her most successfully.

3. Be a generous listener—Listen as intently as you speak. Use eye contact, facial expressions, nodding and non-verbal responses. Include paraphrasing as you listen. When you summarize what you've heard—which may be someone's response to what you've said—you're showing respect, it gives the other person a chance to clarify and it sets the stage for problem-solving.

4. Consider mutual interests—Your words will have more weight if you've taken the time to consider the other person's perspective. What might he/she need in this situation? How could both of your interests be served?

Whether asking your boss for a raise, broaching a touchy subject with your vendor or enlisting your co-worker's help with a project, try the steps outlined above for a more satisfying conversation and, hopefully, a successful outcome.

Jaime Carter-Seibert, MA, LMHC*, is senior clinical account executive at First Choice Health EAP, Seattle.*

Read the full post and leave a comment at cues.org/071918skybox

Our Favorite *Recent Posts*

"When we keep unsupportive individuals close, we end up with our foot on the brake of our success and well-being. Be intentional and decide who to keep in your network, with an honest appraisal of who is propelling your success—versus who is holding you back."

Hugh Blane, president of Claris Consulting (*clarisconsulting.net*), Normandy Park, Wash., and author of *7 Principles of Transformational Leadership: Create A Mindset of Passion Innovation and Growth* in "Converting Self Worth Into Net Worth" on CUES Skybox: *cues.org/080158skybox*

"How do we develop leaders to keep pace with changing business demands and shifts in organizational priorities? One way to solve this is to adopt an 80-20 rule. … Skills and behaviors within communication, trust, and building relationships are standard for leaders to understand and practice. When creating a development plan, use these key competencies as the foundation (the 80 percent) and leave space for individual needs (20 percent)."

Jennifer Stangl, CUES' director of professional development, in "Purposeful Talent Development: 3 Barriers to Acceleration" on CUES Skybox: *cues.org/073018skybox*

"It is critical to understand how credit unions can participate in the political process—that is, what actions can be taken and those actions that are prohibited. … For example, credit unions … can open campaign election accounts for candidates. … The process of offering an election committee the opportunity to become a credit union member and thereby open a CEA is no different than making this service available to any other organization. The credit union's charter applies."

Stephen A.J. Eisenberg, counsel with CU Counsel PLLC (*cucounsel.net*), Washington, D.C., in "Do's and Don'ts for Campaign Electioneering" on CUES Skybox: *cues.org/080618skybox*

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