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Exec compensation rises more slowly as CUs respond to economic uncertainty.

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FROM THE *CUES GUIDE TO EFFECTIVE MENTORSHIP*

"AI doesn't always provide the best user experience today. There are thousands of ways to ask the same basic question, ... but AI is a fast learner and will get smarter pretty quickly."

Ted Hassenfelt, CIO of Suncoast Credit Union, Tampa, Florida, in "Serving Digital Donuts." Read more on p. 18.

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Maximizing Mobile Solutions

A mobile-first strategy has never been more important in the financial services industry. Take these five steps to help minimize mobile friction, produce value and drive habitual engagement with your members.

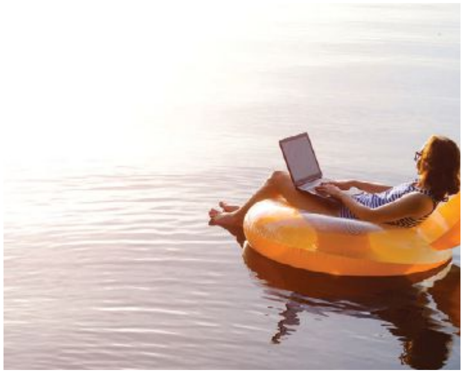
cumanagement.com/0719maximizing

Video

What Does It Take to Be Trusted Today?

What is the nature of trust and how do we cultivate it in our credit unions? 2019 Directors Conference speaker Rohit Bhargava gives a brief overview of why we trust some people more than others.

cumanagement.com/video061419



Online-Only Column

HR Answers: How to Recognize Work Addiction

Technology has made it increasingly easy to push beyond the 9-5. Here are some pointers on how to recognize the difference between those employees with committed working habits and those who are addicted to their work.

cumanagement.com/0719hranswers

CUES Podcast

Episode 74: 'Try Before You Buy'

Jimese Harkley, CUES' VP/membership, discusses the 90-day free trial of CUES Unlimited membership, which is available to HR and training professionals and designed to boost knowledge about what membership benefits can do for your credit union.

cumanagement.com/podcast74

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LET'S CONNECT

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

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Tying Compensation to *Top Credit Union Concerns*

According to our recent reader survey, CUES members are most concerned with growth, cybersecurity, talent issues related to hiring and staffing, and technology innovation.

Notably, the 2019 CUES Executive Compensation Survey found that people in the job roles that oversee each of these top concerns had some of the largest salary increases among credit union leaders last year. For example, the average base salary plus bonus compensation for a human resources executive increased to $173,100 from $162,000, a 6.9% increase.

We titled our cover story "Proceeding With Caution" because the salary increase rate for most positions was lower than last year. CEO total compensation increased 7% this year compared to 7.5% in 2018. And last year, we saw several executive positions with salary increases over 8%. In contrast, the 2019 average rate of increase across all CU executive positions was 5.7%. Still, compared to a national average of 3.1% for salary increases, credit union industry compensation trends are very positive.

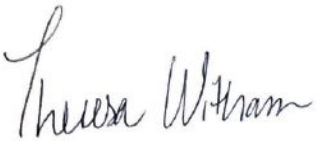
Want to know what the average salary increase rate for your position was in 2019? Read our cover story on p. 10.

Low unemployment rates may be keeping salary increases high, but in the long term, seven-plus percent increases aren't sustainable. Credit unions would do well to consider alternative ways to motivate and retain top performers.

Mentoring is one way to show your high-potential employees that you care about their development. Turn to p. 32 for an infographic about whether mentorship is right for you. This quick look is an excerpt from the *CUES Guide to Effective Mentorship*, a benefit of membership.

Indeed, CUES membership—especially at the Unlimited or Unlimited+ levels—is another way to demonstrate to your high performers that you are invested in them. With a group membership, every credit union employee can participate in CUESNet™, CUES Learning Portal, Elite Access™ virtual courses and CUES Council events, plus read *CU Management* magazine. If you struggle to hire and retain good employees, look to CUES membership (*cues.org/membership*) to provide resources for your talent development program.

For readers who cited technology innovation as a top concern, we also have an excellent article this month about how credit unions' famous service can be enhanced further with artificial intelligence. Read more in "Serving Digital Donuts," p. 18.



Theresa Witham
Managing Editor/Publisher

P.S. Now is a good time to start planning your professional development for 2020. Be sure to visit *cues.org/PlanYourPD* for a helpful resource to use as you work on your budgets for next year.

YOUR THOUGHTS

HOW DOES YOUR CREDIT UNION RETAIN AND REWARD TOP PERFORMERS?

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

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CO-OP℠ FINANCIAL SERVICES

New Office Design *Incorporates Staff Input*

Employees were invited to weigh in on planning and design decisions for First Tech Federal Credit Union's new administrative campus in Hillsboro, Oregon, with the aim of creating a more collaborative, connected and flexible workspace.

Those were the three themes emerging from a staff survey even before the $12.6 billion credit union (*firsttechfed.com*) made the lease or build decision. "We solicited input from employees just to understand what their needs are and what they're looking for in a workplace," says Monique Little, chief people and administrative officer. "Do they spend a lot of time in meetings, and are those meetings large or small? How do they work with other teams across the organization? We asked about things like amenities and noise levels."

First Tech FCU has two corporate offices in California, but its largest is the shared services center in Oregon, housing marketing, HR, finance and accounting, corporate real estate management and other divisions, with 650 team members in all. The credit union had outgrown a facility it had leased for over two decades on the west side of the Portland metro area.

Based on the employee survey and search for available office space, "we decided to chart our own future and destiny by building," Little says. The 156,000-square-foot building on a 17-acre site bordered by a wetlands and nature park, with space for a replica building for future expansion, was completed in 2018.

A steering committee of managers from different divisions was formed to assist in decision-making from design inception through completion and to share regular updates with their teams.

"The steering committee formed a vision for the facility, 'People first,' and that became the North Star that guided the process," Little says. "Employees told us, 'We want to be able to collaborate and work in teams. We want to connect and be able to see people.' And they wanted flexibility. They said, 'We don't want to be locked into a workspace. We want to use the entire facility and be able to work in different ways and spaces."

Reflecting its natural surroundings, the five-story building is constructed of cross-laminated timber, not a metal frame, and features open wood beams and floor-to-ceiling glass with glassed-in stairwells, so employees can look out and see their colleagues as they take the stairs. Balconies on each floor overlook the wetland "so employees can step outside and get a breath of fresh air, perhaps even have a meeting outside on a sunny day," Little notes.

In selecting the new site, the CU mined HR management system data on employee home addresses to compare proximity to the previous office and study commuting patterns and access to public transportation. Managers consulted with employees who ended up with longer commutes to discuss options like flex time so they could travel to work during off-peak hours or work from home periodically.

Staff relocated to the new facility over three months in mid-2018. The move went smoothly, as demonstrated in quarterly employee engagement surveys and no fluctuations in staff retention, Little says. "What we hear from employees is that our building reinforces the culture and experiences we were seeking."

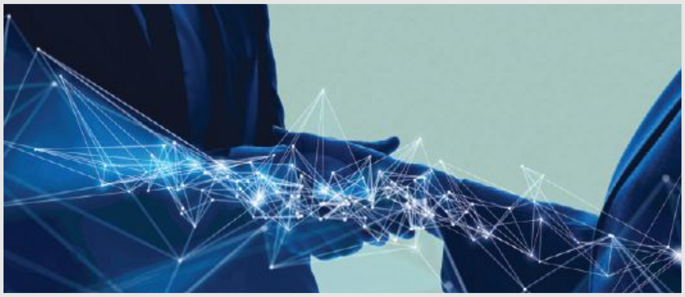
Building Successful *Fintech Partnerships*

In a new whitepaper from CUES Supplier member GreenPath, *Building Successful Nonprofit-Fintech Partnerships*, you'll find a five-step framework when you want to consider partnering with fintechs:

1. Form an intent.
2. Select potential partners.
3. Implement and manage prototypes.
4. Fine-tune with user feedback.
5. Pilot: Determine success or failure.

Rather than being a best practices manual, the whitepaper presents principles, insights and tools that can help guide nonprofits and financial technology firms through the process of navigating a partnership.

This is a critical point: Having a culture open to innovation is a prerequisite to partnerships. GreenPath recommends you use the following questions to assess whether your organization has a culture that will support innovation:



- Do we have a clear vision for the future?
- Have we set organizational milestones to achieve that vision?
- Are staff empowered to innovate?
- Do we embrace missteps and make it okay to fail?

If the answer to any of these questions is "no," focus on the culture change needed to set your organization up for success before seriously pursuing any partnerships.

Read the whitepaper at *cumanagement.com/greenpath*.

Proceeding *With Caution*

COMPENSATION SURVEY SHOWS SALARY AND BONUS HIKES—BUT AT A RATE THAT REFLECTS ECONOMIC UNCERTAINTY.

BY KAREN BANKSTON

While credit union CEOs and other executives received healthy salary hikes and bonuses over the past year, the pace of those increases slowed slightly as compared to 2018 for more than half the positions included in the 2019 CUES Executive Compensation Survey.

The median base salary for CEOs in this year's same-sample survey results (limited to credit unions participating in both years to more clearly indicate trends) is $275,992, up 6.9% over 2018, while the $333,271 in base plus bonus pay is a 7.1% increase and total compensation of $345,021 reflects a 6.8% increase.

"While increases for some of the positions have slowed a little bit, they are still much higher than the 3.1% that the World at Work survey identifies as increases across all sectors," says Michael Becher, CPA, vice president of Industry Insights, Dublin, Ohio (*industryinsights.com*), which administers the CUES survey.

The steady increases in executive compensation reflect another strong year for credit unions, with the NCUA reporting a 9% increase in total loans, a 5.4% boost in total assets and an average 11.3% net worth ratio at year-end 2018. At the same time, salary and bonus decisions may be tempered by a recognition that the prolonged period of economic prosperity helping to drive those gains cannot last, Becher notes.

"There's a possibility that credit unions are being a little more conservative just because the economy has been rolling so well for so long," he says. With widespread concerns about how long the current boom can continue, credit unions may be "letting the foot off the accelerator" in terms of compensation.

Boards and executives are striving for a careful balance between the need to offer competitive pay and benefits in the current hot jobs market and less rosy forecasts for continued growth.

Given historic low unemployment rates, there is tremendous demand for executive talent—and for filling positions across the board. "There are a lot more jobs than there are people to fill them right now," Becher notes. "It's been 50 years since we've seen unemployment rates this low. But the reality is that credit unions can't continue to increase executive pay 7, 8 or 9% every year. That's just not sustainable."

For other positions included in the survey, median total compensation increases run from 2.7% for senior credit union service organization executives to 7% for top mortgage lending officers. Total median compensation ranges from $260,419 for chief operating officers, $233,494 for chief financial officers and $229,316 for senior CUSO execs to $112,744 for regional branch management executives

"There's a possibility that credit unions are being a little more conservative just because the economy has been rolling so well for so long."

– Michael Becher

and $104,563 for business development executives. Total compensation is the sum of base salary, annual bonus or incentive pay, plus other taxable compensation. See the chart on p. 13 for the median base salary plus bonus comparison for a variety of positions. (In some cases, the base + bonus and total compensation numbers are the same.)

RANGE OF BENEFITS

Boards continue to rely on bonuses to reward their CEOs: 88.3% of CEOs were reported to be eligible for bonuses, up from 87.7% in 2018 and 84.4% in 2017, with an average bonus amount of 17.2% of base pay. In comparison, the average bonus awarded in 2018 was 13.3% of base pay and 16.8% in 2017. Consistent with previous years, the top four factors for determining CEO bonuses are earnings, board evaluation, loan growth and membership growth.

These numbers demonstrate credit union boards' continued commitment to recognize and reward CEOs for business gains. However, this may have been tempered over the past year by concerns about the potential for the economy cooling off, with some boards opting to offer a higher annual bonus and enhance other benefits instead of a significant salary boost, Becher notes. Continually increasing base salary locks the credit union into that level of compensation over the long term and as the basis for future pay increases, which may pose a challenge for expense control if financial performance declines during an economic slowdown.

Another factor guiding compensation and benefit discussions is executive longevity. With 34.3% of CEOs anticipating retirement in the next five years and another 31.1% within the decade, negotiations for long-term compensation may be receiving more attention. To prepare for that turnover at the top, 77.8% of credit unions participating in the survey said they have succession plans in place.

All CEO respondents reported being eligible for retirement benefits, with 94.5% participating in a 401(k) plan and 43.5% eligible for a 457(b) supplemental retirement program. In addition, 36.8% of CEOs reported eligibility for participation in a 457(f) long-term compensation plan, up from 34.8% last year.

A 457(b) plan permits executives to set aside more of their income to supplement retirement savings, while a 457(f) plan is an employer-funded deferred compensation program that a credit union might structure to reward and retain executives. (Read more about these plans in a free ebook available at *cues.org/form/cmg-ebook*.)

Other executive benefits gaining in adoption are split-dollar life insurance programs at 34.8% (up from 28.5% in the 2018 survey) and executive long-term disability coverage at 23.6% (up from 20.4%).

Rounding out common benefits and perquisites that figure into CEO total compensation are:

- professional association memberships, 68.5%;
- company car or car allowance, 61%, averaging $7,065;
- paid education benefits, 58.4%;
- paid spousal travel expenses, 45.5%; and
- supplemental life insurance, 39.1%.

UNDER CONTRACT

The executive compensation survey also asks credit unions about the length and provisions in CEO contracts. The most common contract length is three years, and most executive agreements set out the circumstances under which severance pay will be awarded (85.9%) and how executive benefits are structured (59.3%).

With all the merger activity underway across the industry, provisions setting out change-in-control guidelines are now included in a majority (52.3%) of contracts, sometimes including requirements for a continuation of the contract (38.6%) and awarding of multiples of annual pay as severance (28.6%) in the event that the executive does not move forward with the continuing organization.

About a third of executive employment agreements also include covenants not to join a competing financial institution or company (32.8%) and not to solicit employees to move to the CEO's next organization (31.3%). The median term on those restrictions is 12 months.

The CUES Executive Compensation Survey offers a wide range of options for subscribers to analyze salary, bonus and benefit trends with peer credit unions in custom reports by asset size, region, field of membership, number of members, number of employees and other factors.

High-level data is published in an annual executive summary that offers multiple views of compensation comparisons. Independent samples offer results from all respondents for a big-picture view, while same-sample data is limited to credit unions that participated in both the 2018 and 2019 surveys to permit more accurate depiction of trends. This summary is available at no additional cost to Unlimited+ CUES members. It is also available to other CUES membership levels and nonmembers as part of a purchased subscription to CUES' dynamic online compensation reporting tool *(cues.org/ecs)*.

The compensation data can also be analyzed using median and average results. Three of the four tables presented with this story report median salary and bonus data, and the charts offering a year-to-year comparison are limited to the same-sample cohort. The 10-year comparison of compensation increases for CEOs reports averages for the same-sample group in each of those years.

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

CEO SALARIES (Increase Over Previous Year Average Results/All Asset Sizes)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Base Salary	7.1%	7.4%	7.2%	7.0%	4.6%	7.8%	6.43%	4.93%	4.37%	3.62%
Base + Bonus	7.4%	7.3%	7.7%	7.1%	5.7%	10.0%	8.40%	5.93%	5.01%	2.54%
Total Comp	7.0%	7.5%	7.8%	6.8%	5.5%	9.5%	8.18%	5.83%	5.07%	2.39%

Note: These results reflect "same-sample" reporting. That is, they present the data only of credit unions that participated in both years of the survey, which permits more direct comparison.

2019 MEDIAN CEO COMPENSATION

	Base Salary	Base + Bonus	Total Comp
All Assets Categories	$255,623	$289,576	$289,576
Less than $50 million	$120,101	$127,747	$130,784
$50-$69 million	$128,966	$132,451	$134,951
$70-$99 million	$151,950	$160,709	$160,709
$100-$199 million	$179,683	$197,250	$197,250
$200-$399 million	$242,893	$270,915	$270,915
$400-$599 million	$302,204	$334,545	$334,545
$600-$999 million	$387,995	$461,859	$467,565
$1 billion or more	$525,277	$644,843	$672,500

Note: These results include all respondent data from the 2019 survey.

MEDIAN BASE + BONUS COMPENSATION FOR SELECTED EXECS ACROSS ASSET RANGES

	All Assets	< $100 Million	$100-$249 Million	$250-$499 Million	$500-$999 Million	$1 Billion+
Chief Operations Officer	$155,400	$75,500	$113,804	$153,739	$212,500	$274,595
Chief Financial Officer	$161,714	$96,000	$122,974	$146,832	$216,126	$302,416
Chief Lending Officer	$155,000	$78,424	$108,400	$141,504	$189,336	$252,153
Marketing Executive	$128,404	$61,784	$84,788	$111,890	$148,656	$194,964
HR Executive	$143,903	*	$80,004	$110,669	$163,422	$208,579

* insufficient sample size

Note: These results include all respondent data from the 2019 survey.

"It's been 50 years since we've seen unemployment rates this low. But the reality is that credit unions can't continue to increase executive pay 7, 8 or 9% every year. That's just not sustainable."

– Michael Becher

EXECUTIVES' MEDIAN BASE SALARY + BONUS COMPARISON

	2019	2018	Change
CEO	$333,271	$311,095	7.1%
Executive Vice President	$170,500	$161,832	5.4%
Second Executive Officer*	$218,139	$207,153	5.3%
Chief Operations Officer	$199,574	$186,931	6.8%
Chief Operating Officer	$258,637	$244,927	5.6%
Chief Financial Officer	$228,108	$219,505	3.9%
Chief Lending Officer	$190,467	$179,266	6.2%
Branch/Member Service Executive	$153,802	$144,217	6.6%
Marketing Executive	$137,000	$129,470	5.8%
Human Resources Executive	$173,100	$161,997	6.9%
Info Systems/E-Commerce Executive	$188,053	$176,890	6.3%
Senior CUSO Executive	$229,316	$223,229	2.7%
Business Lending Executive	$169,607	$160,014	6.0%
Business Development Executive	$104,304	$97,804	6.6%
Legal Counsel Executive	$212,091	$203,752	4.1%
Regional Branch Mgmt. Executive	$112,144	$105,046	6.8%
Top Mortgage Lending Officer	$161,313	$151,158	6.7%
Top Compliance Officer	$127,146	$119,661	6.3%
Top Operations Officer	$128,764	$122,279	5.3%

NOTE: These results reflect "same sample" reporting; they represent the data only of credit unions that participated in both years of the survey, which permits more direct comparison.

*The Second Executive Officer was not reported as a separate stand-alone position, so there likely is some double-reporting of salaries of executives serving as Executive Vice President, CFO, COO, etc., who are also designated as the second-in-command at their credit unions.

MORE ON COMPENSATION

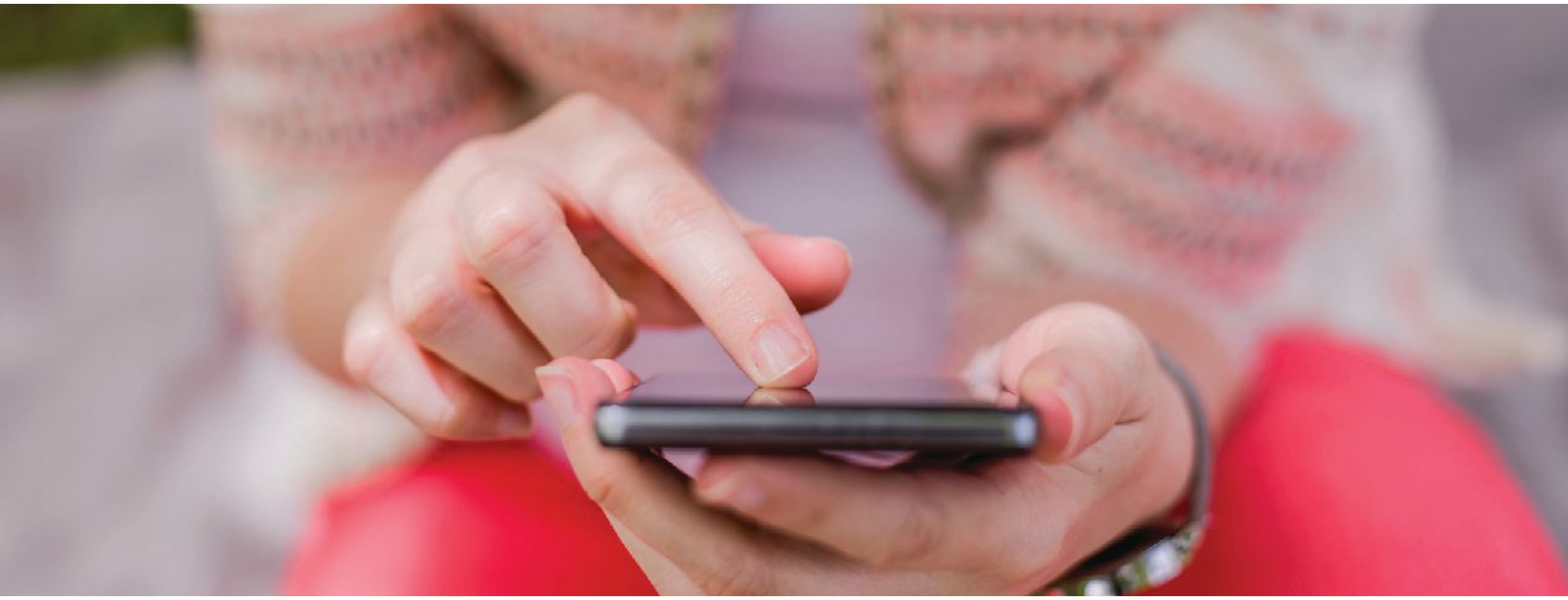
CUES Executive Compensation Survey (*cues.org/ecs*)

CUES Employee Salary Survey (*cues.org/ess*)

From John: How to Attract Top Talent on a CU-Sized Budget (*cumanagement.com/0619fromjohn*)

Hidden Fees Sap Exec Benefits Plan Returns (*cumanagement.com/0619hidden*)

Keys for Succession Planning (*cumanagement.com/0719keys*)



Imaginative *Engagement Strategies*

HOW CAN CREDIT UNIONS TAP PEOPLE'S PASSION FOR THEIR PHONES?

BY STEPHANIE SCHWENN SEBRING

It's expected that mobile will surpass 5 billion users this year. According to the National Library of Medicine (*nlm.nih.gov*), these devices have changed consumers' interests, values and desires. Understanding the psychology behind mobile (such as the need for instant gratification) can help credit unions grow closer to members. However, winners realize transactions don't motivate people; formal engagement strategies do.

Three things must happen for CUs to really reach members with mobile. They must: 1) move beyond transactions; 2) be proactive in finding solutions that focus on a member's uniqueness; and 3) make staff training a priority to cultivate mobile advocates. (Read "Developing Employee Superusers" at *cumanagement.com/0719developing*.)

BEYOND FINANCIAL CHORES

Jeffery Kendall, EVP/general manager, global banking and financial services for Kony DBX (*dbx.kony.com*), Austin, Texas, has seen the transformation so far.

Mobile banking "version 1.0 offered customers and members the basic transactions to fulfill baseline expectations—those 'financial chores,'" he says. "Most have moved onto new enhancements (version 2.0) for items like remote deposit capture, mobile [member] applications and loan closings."

But he says the next step will be most pivotal—it will take CUs beyond providing transactions to being a lifestyle and community partner.

"Context—being where your members are in their mobile journey—is essential," he adds. "We've been strong into mobile banking for more than five years now, and the 2.0 apps are starting to mature. Coincidentally (or not), most vendor contracts are also expiring during this window. Here, institutions have a timely chance to evaluate and evolve their current mobile experiences."

GOALS FOR MOBILE

Many CUs say they want to leverage mobile to cross-sell and generate leads for more business. Members, of course, want to complete financial transactions and much more.

"Maybe they want an app to store extra funds (think *Acorns.com*, which helps people invest spare change) or a budgeting app (like *Mint.com*) to manage their money," offers Kendall. "The point is to think not only broadly but [also] categorically about the things that will help your members with a better financial life."

Not enough can be said about how such influencers as Amazon, Google and Starbucks are driving expectations. For example, Kendall uses his Starbucks app to tee up his coffee every morning.

"It's simple," he explains. "But it goes beyond having my coffee waiting for me at the counter; it's the relationship that Starbucks has fostered." The company has made the experience friendly and easy. Similarly, it has created the scenario in which members compare their Starbucks experience with every other mobile experience, including those offered by CUs.

Kendall believes new digital enhancements will be the up-and-coming link to capturing members' attention. "There are new personal banker apps, chatbot technologies for added support, add-ons for financial management or education, car shopping, and other merchant-driven enhancements. The sky's the limit."

Taking root at Kony is its Engage digital banker app, which enables members to connect with a personal banker at their CUs right from their phones. When setting up the app, a member can review a selection of employee bios that showcase both personal and professional highlights. The member then selects the representative to match their preference, with that individual remaining the member's permanent personal banker.

"So, if 'Member Service Rep Dan' has all the qualities the member is looking for professionally, but also loves to mountain bike and knows the trails, as does the member, Dan could be the perfect fit," explains Kendall. "Throughout the relationship, the member connects with Dan directly for all needs, whether it's by email, text or even visually (video) via mobile. These are the types of interactions that enable a credit union to connect in unique ways with members."

In December 2018, Australia's largest CU, $15.4 billion CUA (*cua.com.au*), launched the Kony DBX Engage chat app, "iM CUA" (*cua.com.au/digitalbanking/imcua*).

"The app is a great option for members wanting to avoid queuing at a branch or waiting on the phone to chat to someone about their banking or insurance," says the CU's CEO, Rob Goudswaard. "What differentiates iM CUA from other instant messaging apps ... is the ability for members to select their own personal banker who gets to know them and supports them with their banking and insurance requirements every time they use the app.

"It's the only app in Australia where you know you are chatting to the same personal banker every time you log on," he continues. "They get to know you and you can build a more personal connection. It offers the convenience of modern technology with a distinctly human touch."

To date, 15,000 of the credit union's 530,000 members have enrolled in iM CUA.

CONTEXT AND CONNECTION

Dialing into the member's location using geospatial technology is another way credit unions can create digital touchpoints with members, notes Kendall.

"This can work amazingly well with PR efforts," he says. "Perhaps your credit union spends significant money on community partnerships; why not use your member's smartphone to connect while they attend a credit union-sponsored event? Or, if financial literacy is your goal, why not use your mobile app to present credit scores in real time? There are many ways to connect, depending on your members' needs."

"Employee engagement and education are also a necessity: If employees don't tout the benefits of mobile, who will?"

— Colin Murphy

Kendall believes credit unions have a leg up on their larger competitors with all of this. "Credit unions don't own the technology and, instead, rely on partnerships to offer innovation. They can make changes faster and evolve quickly as member needs shift."

He also encourages CUs not to lose sight of what has always made them unique: how well they understand their members. "Rather than choosing a mobile platform to 'mass market,' use it to connect on topics that make a difference to your member."

Gregg Hammerman, founder of location-driven engagement platform Larky (*info.larky.com/nudge*), Ann Arbor, Michigan, says making member connections requires not only an app but also a proactive outlook about integrating mobile throughout the CU.

He also says to watch such popular influencers as Netflix, LinkedIn, Tripit, Instagram, Bonvoy (Marriott Loyalty) or even Fitbod. "See how they maintain a continual stream of customer conversation with relevant topics and notifications. To illustrate, Netflix will provide new show recommendations, and LinkedIn [will provide] connection suggestions. Driven by outreach, these notifications are productive for the user, not annoying. The key is to reach out to your members with information of interest, meaningful to who they are and what they are doing.

"These more personalized connections might occur on a Saturday afternoon when members are car shopping at the dealer or perusing countertops at Home Depot. Here, a credit union can present an offer for the financing for the auto or home project at the right place and time—rather than waiting for the member to seek out the credit union for a financial solution or advice. Use the app to make an instant connection or use relevant 'push' communications for a topic already scheduled in your marketing calendar."

Two additional and equally crucial factors to be relevant in the mobile space include staying fast and standing out. The speed of the mobile experience is imperative, says Hammerman, but there is a caveat: getting it right. "Give your mobile communications a gut check," he recommends. "Be sure the information you're providing to members is constructive, helpful and interesting to them."

In a crowded and increasingly fragmented tech space, it can be a challenge to stand out, adds Hammerman.

"Remember that numerous apps are vying for your members' attention every hour of every day, and it's easy for people to lose their train of thought while on an app," he says. "Any communication you provide must be thoughtful, interesting and relevant—though not strictly financially based. I've seen credit unions share updates on severe weather (i.e., hurricanes), community events and other similar items. Here, credit unions can share their commonality and reiterate their mission—that they are available to help and be part of the fabric of their communities. Mobile is a way to be vocal about it and can make a CU's mobile app a more valuable tool."

EMPLOYEE ENGAGEMENT MATTERS, TOO

In addition to a dynamic approach to providing mobile services, engaged employees will ultimately drive more mobile connections.

"Next to the ability to accomplish transactions, employee engagement is the single most important thing a credit union can do for its mobile platforms," explains Colin Murphy, VP/product and adoption marketing, digital channels for CUES Supplier member Fiserv (*fiserv.com*), Brookfield, Wisconsin. "Branch and call center staff can drive mobile app adoption through their connections with members. It starts with effective staff training in branches and call centers, so employees feel comfortable talking with members."

Unfortunately, there is a lack of education and awareness of mobile app benefits among both consumers *and* CU staff. "It's critical," adds Murphy, "to educate all stakeholders (members, staff and board) about the features and functionality of available digital banking solutions, so they understand the benefits and security mobile brings to their lives. Consumers also want an integrated experience across channels, and only with a well-trained and engaged front-line staff can you ensure that."

Steven Page, VP/IT, marketing and digital banking for $460 million SafeAmerica Credit Union (*safeamerica.com*), Pleasanton, California, is adamant about this cultivation of employee engagement. He says no mobile program can achieve full success without employees' commendation—only with training and empowerment can employees become a credit union's true mobile advocates.

"Think of an Apple Store. The answers are a one-and-done process," explains Page. "There's no transferring the customer to other employees. That would be inefficient, disorganized and confusing; staff is fully integrated with every process. Likewise, time and effort must be devoted to a credit union's mobile training."

A Lesson for CUs From *Domino's Pizza Tracker App*

CUES member Leo Ardine, CEO of $300 million United Teletech Financial Federal Credit Union (*utfinancial.org*), Tinton Falls, New Jersey, believes that taking the next step for mobile engagement must be a priority for all credit unions and that the industry is at a turning point in finding new ways to connect with members.

Ardine observes a correlation between a CU's mobile app and that of Domino's pizza. "The Domino's pizza tracker app (Domino's Tracker®, *tinyurl.com/dominospt*) keeps customers updated on the status of their pizza," from the order to the pie's creation, all the way through to delivery. "While there has been some debate over the claims made by Domino's about their app, this simple transparency (*tinyurl.com/dominostransparency*) has proved to be in high demand from consumers," he adds.

"Research shows that customers having this 360-degree view improves their overall satisfaction with the experience, as well as their trust in the company," he continues. "The broader implication is how credit unions can follow this example to add value with their own member interactions."

This might be at varying points during a transaction, such as during the mortgage application (a CU could send texts saying things like "You're approved," "The appraisal is on its way" or "Your title is ordered," so members feel involved in the process). Or it could be a message about a member's other financial needs, with texts or alerts on special offers, or an invitation to a CU-sponsored event.

"Most credit unions have experience with mobile banking apps and alerts," Ardine says. "But, like Domino's, we need to find new ways to engage and connect with members. Our credit union, for example, is leveraging new capabilities through the Larky platform in an app we call 'United Value' (*larky.com/info/united-teletech*)."

Using geolocation tracking software, the platform provides exclusive offers to members from local businesses. "As they're traveling by, members might get an alert from the credit union for a free appetizer or drink at a local restaurant—or an offer from one of our indirect dealers," explains Ardine.

"We also use United Value for notifications on CD or loan specials or even skip-a-pay options. We push these as alerts to the member as they enter our parking lot. Open rates and click-throughs exceed what we normally experience on social media or direct mail. Consider skip-a-payment push notifications, which were hovering at a 4.9% open rate. But when we offered that same perk via the member's mobile phone as they visited a branch, the open rate jumped to 37%.

"Based on data and experience with other promotions, offering perks through the mobile channel is an excellent way to confirm with members the value of membership. And it's especially appealing to the 20-something group." There's another underlying value as well, continues Ardine. The app provides value "to the merchants in our community as well and shows that we support them by driving people to their locations."

The app is also easy for members and the credit union. "At the onset, we provided a list of potential merchants for Larky to connect with," he adds. "Larky worked with these merchants to craft offers and foster the member affinity we're so proud of as a credit union."

For credit unions wondering where to start, Ardine suggests using their current mobile platforms to deploy new add-ons, whether it's through their current provider or an alternative vendor. "See what your home banking provider offers in terms of mobile alerts and offers. But before you begin, strive for a planned, deliberate strategy with a vision statement and thorough planning process."

"It is not your parents' credit union anymore. Above all, keep it simple for your members."

— Steven Page

DON'T RUSH TO MARKET

"Have staff use the mobile app with test accounts, since the group responsible for the UI (user interface) may make functions of the app not so intuitive," advises Page. "Perhaps include a misspelled word on purpose or some other kind of 'Easter egg.' Reward staff for finding the mistakes and hidden features within the app. This way, a credit union can get real-time feedback on design features and functionality, and even dial down to the more granular items, such as the colors of the type displayed. Not only will staff know the app inside and out, but [they] will become advocates and encourage others to use it."

Also get a small group of members who are willing to be testers. "Have them try and 'break the app,'" says Page. "We've had good luck with younger members who liken this to 'hacking the app.' Let them find your flaws upfront—not when you launch it live for all members to use. These small internal and external focus groups can provide a wealth of information."

Members undoubtedly want self-serve options via their mobile apps. "Just don't get in the way of it," continues Page. "Give your members the ability to do it themselves so they're empowered as well, then all stakeholders feel good, and leaders free up vital resources of the credit union."

REMEMBER RELATIONSHIPS

Murphy believes that CUs can leverage their unique relationships with members to promote new digital interactions.

"For example, if a member comes into a branch to make a deposit, make them aware that they could have made a mobile deposit. Send a text with a link to download the mobile app, then follow up by email suggesting the member try additional mobile features, such as bill-payment. When you make the connection between the personal and digital experience based on your knowledge of the member, while leveraging staff as your mobile advocates, you set yourself apart from the non-traditional, digital banking providers."

Murphy recommends that a credit union:

- Evaluate its mobile banking app and understand how the adoption and feature usage of its members compares to peers.
- Use functionalities to target specific markets and effectively engage members. For example, person-to-person payments can meet the needs of college students and their parents; alerts assist on-the-go members; and remote deposit capture helps small-business owners.
- Implement front-line staff training on mobile banking; encourage all staff to download and use mobile banking.
- Identify a mobile banking "guru" in each branch to promote mobile and serve as a go-to subject matter expert.
- Integrate mobile adoption marketing campaigns into the credit union's marketing plan to bring members through a life cycle of communications. These should welcome members via mobile, educate them and continue to connect with them over time.

MAKE IT EASY

"It is not your parents' credit union anymore," Page says. "Above all, keep it simple for your members.

"Remember, there are as many mobile devices as there are members," he explains. "Make sure your app is the most simplistic way to do business. This encompasses everything from enrolling as a new member, opening accounts (and) moving money to buying a car or house. From biometrics to auto-populating applications, it's all about speed and having a complete suite of services available via mobile. The experience must produce the same end results on the smartphone as it would a desktop or in the branch. Think of the smartphone as a branch in your member's pocket."

"Don't view technology as an inconvenience or be afraid to embrace it," concludes Page. "Ask yourselves what you want your mobile program to look like in five years. Listen to your members and use that information to foster an environment that will be successful for you now and into the future."

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

MORE ON MOBILE

Maximizing Mobile Solutions (*cumanagement.com/0719maximizing*)

Text Time: Why Credit Unions Need to Facilitate Two-Way Texting (*cumanagement.com/0619text*)

Keeping Pace With Mobile Innovations (*cumanagement.com/0419keeping*)

Payments University Sept. 11-12, San Diego (*cues.org/payments*)

Serving *Digital Donuts*

CREDIT UNIONS' FAMOUS HOSPITALITY EXPANDS WITH AI, CHATBOTS AND FINANCIAL ADVICE OPTIONS.

BY RICHARD H. GAMBLE

"Alexa," says the happy credit union member as they drive to the beach, "move $700 from savings to checking, pay all bills due by the 10th, and apply anything left to my credit card balance. And if I'm down to 10 checks or fewer, order some new ones. Oh, and set up any CDs that mature in the next 12 days to roll over into whatever CD is paying the highest rate for maturities under 25 months."

Today's credit union members aren't quite that happy—yet—but that is a fair example of what they are coming to expect. And it's what CUs are asking their vendors to help them deliver.

Practical applications of artificial intelligence remain elusive. A digital revolution is sweeping financial services but not yet showing up as productive AI at most CUs, reports Kirk Kordeleski, CCE, senior managing partner and chief strategy officer of BiG (Best Innovation Group) Consulting (*big-fintech.com/consulting*), Tampa, Florida.

"Digital has moved from piecemeal activity to something affecting everything credit unions do," he notes. But AI depends on the convergence of digital communication, deep data collection and analysis and sophisticated programming—and CUs are struggling with the data piece, he points out.

With the proliferation of delivery channels, disparate systems and data pools have sprung up. "Most credit unions are struggling to integrate data, which is necessary before they can introduce machine learning and AI," he says. "They need to resolve this issue first." Fintechs and large financial institutions with data scientists on staff are reaching that point now, he adds.

Artificial intelligence for CUs is still a goal, not a reality, agrees Sabeh Samaha, president/CEO of Samaha & Associates (*ssamaha.com*), Chino Hills, California. However, weighing evidence to make informed decisions is certainly a big component of human intelligence, and that's something CUs have already learned to automate in a limited but effective and productive way, he points out.

"Decisioning matrices are not new," he points out. "In many cases, decisions to enroll a prospective member, provide an indirect auto loan, offer a credit card and set risk-savvy limits have been successfully turned over to technology and happen quickly and automatically.

"If you identify the criteria that people use to make such decisions, and if you collect and apply the data they would base those decisions on, you can automate decisions. And credit unions have," Samaha notes. Searchable databases and refined decision engines make it possible for CUs to approve auto loans in seconds for complete strangers sitting in dealer showrooms, he illustrates.

"But those are static applications built by humans without any real cognitive function," Samaha qualifies. "They work. They recognize and respond to preset patterns, but they don't grow unless a human fixes them, and they don't solve problems. There's a valuable level of AI that they don't reach." Let's say current applications of AI have an IQ of 115. The goal has been raised to 160.

Much of the smart automation Suncoast Credit Union has provided to members so far has focused on streamlining mobile and online banking menus and the clicks it takes for a member to get what they want, says Ted Hassenfelt, CIO of the $9.2 billion CU (*suncoastcreditunion.com*), Tampa, Florida.

Going from five clicks to four used to be a victory. Now Suncoast CU is moving away from menus and clicks as mileposts for improving the member experience, relying more on native features in mobile devices like screen tilt and finger swipes—and eventually to no physical interaction at all, Hassenfelt reports—"anything to remove friction from the member experience."

AI solutions need to be comprehensive to really make an impact, says Stacey Zuniga, VP/financial services for ENACOMM (*enacomm.net*), Tulsa, Oklahoma, a fintech company that provides self-service solutions and communication technology. With one possible exception—explained in the next paragraph—there is no killer app out there using artificial intelligence to pull crowds of members away from unprepared CUs. "Members have their favorite channels, and they want them all to work well," Zuniga says. "It's not one high card that makes a winning hand; it's a combination."

ALEXA BANKING

The one possible exception is Alexa banking. "Amazon Echo and Alexa have spread like wildfire," Kordeleski notes. Voice assistants make banking "phenomenally easy for members, and the development of 5G processing will make communication hundreds of times faster.

"The [Alexa] technology is already familiar to a lot of credit union members, and they want to use it for more aspects of their digital lives every day," Kordeleski adds, "which includes banking." But most can't. Of the 10,000 or so banks and CUs in the U.S., "maybe 30 have the tools to offer it, and few of them are allowing transactions yet," he reports. There are compliance issues to consider. The Amazon Developer Services Agreement has its own set of security requirements that financial institutions and any Alexa skill provider must meet (*tinyurl.com/y6f7s6k7*), for example—and that's in addition to complying with federal cybersecurity and privacy regulations.

But members are impatient. Digital assistants like Alexa and Siri have changed consumers' expectations. "Credit unions and banks are not leading the customer experience," concedes Ben Morales, CCE, chief technology and operations officer for $3 billion Washington State Employees Credit Union (*wsecu.org*), Olympia.

"Customers are interacting with Amazon, Apple, Google and online merchants in ways they don't interact with their financial institutions, and they are asking, 'Why can't my bank or credit union do that?' It's a real challenge, especially for financial institutions working with closed systems. We have to be able to write APIs (application programming interfaces) to [integrate digital assistant services with] our core systems, and then we have to figure out how to do it in a way that provides a satisfying member experience."

"Members have their favorite channels, and they want them all to work well. It's not one high card that makes a winning hand; it's a combination."

– Stacey Zuniga

Doing that quickly could be a challenge. In 2008, when app stores started carrying mobile banking apps, Zuniga would ask CU audiences how many had mobile apps available. It wasn't until 2012 or 2013 before any hands went up, he says.

Conversational banking in some form, not necessarily through Amazon and Alexa, is still inevitable, Zuniga observes, and he thinks it will be a sea change. ENACOMM recently inked a deal with Wescom Resources Group (*wescomresources.com*), a credit union service organization based in Pasadena, California, that is wholly owned by $3.5 billion Wescom Credit Union (*wescom.org*), also based in Pasadena. ENACOMM already has an Alexa banking app that it offers directly and will now also offer to credit unions through Wescom Resources Group.

Conversational banking using digital assistants is coming soon for Suncoast CU members, says Hassenfelt—probably by or before 2020.

"We haven't rushed into it," he explains. "We want to be sure the voice biometrics are solid before we move. We are looking at ... ways to handle the initial authentication so members would not have to speak their password. It would be like touch ID. ... We would register their voice for voice biometrics. That means all subsequent authentication attempts could be handled with the member speaking a phrase and voice biometrics logging them in. We are still working all of this out, however, so nothing is set in stone."

Suncoast CU is working with BiG to implement the fintech company's FIVE conversational banking technology. "We expect to start testing it late in the third quarter and to go live by the end of the year," Hassenfelt says. The service will be available through mobile and online banking platforms and at first will only handle such limited activities as funds transfers and balance inquiries, he reports. "As adoption grows and activity proves reliable, we'll add functionality.

The CU has long been part of BiG Innovation Club (*tinyurl.com/bestinnclub*), "so we have access to the source code for this platform should we want to take control of it in the future," he adds. But given the likely near-term expansion of the platform as AI evolves, the CU will probably not take on the development effort itself.

Washington State Employees CU is taking a cautious approach to AI-driven member communication, Morales reports. "We're introducing fraud alerts as text messages. We're doing a proof of concept exercise for loan approvals through conversational AI. We're looking into chatbots. Whatever we do has to be managed centrally so we don't lose our deep connection to the member."

IMPROVING CHATBOTS

A technology with great potential to deepen member connections is automated member communication. The current state-of-the-art offering, notes Richard Crone, CEO of Crone Consulting LLC (*croneconsulting.com*), San Carlos, California, is a well programmed chatbot that can respond with real-time texts to member questions or requests. What's achievable today is a bot that can satisfy the member about 80% of the time, with the more challenging contacts rolling over to a live agent for the other 20%, he explains.

Most chatbots currently are improved by people reprogramming them, but the goal is to have them be AI-driven through machine learning: Once a live agent resolves an issue, the next time that issue comes up, the chatbot would be able to handle it on its own based on the agent's previous interaction, he says.

But that's far from what CUs are doing today, Crone points out. "Most don't even have effective chatbots, but they are starting to show up in the biggest banks," he notes, "and that shortcoming is causing credit unions to lose members, who more and more are expecting to have questions answered and issues resolved automatically through their mobile banking app."

Progressive CUs are aware of the problem but stymied by vendors that are not up to speed, Crone says. "The core systems should provide it, but they're ... not investing in improvements. Most CUSOs are focused on collective cost reduction, not collective technology innovation." The need for efficiency and low unemployment rates are driving some innovation, he notes. "A member services representative can handle about five online chats at a time. A bot can handle many times that."

And chatbots, sometimes multilingual, can enhance member communication. Where there is a messaging routine, like sending collection notices, robots can efficiently become the messengers, Kordeleski says. "What once required screen scraping can now be done by bots, saving tens of thousands of hours in backroom operations," he notes.

Bots have successfully invaded some CU contact centers, Samaha notes, and basic questions or requests that occur frequently are being answered automatically by text or email messages and sometimes by automated voice responses that sound like Alexa or Siri, he adds. When the questions or requests are completely predictable, the answers can be automatic. When the questions or requests are unpredictable, the bot gets stumped and a person has to take over.

Chatbots are already paying off for progressive Suncoast CU, though it's a challenge. "We have embedded hard-coded logic that can handle routine questions" in situations that can be scripted, Hassenfelt explains. "AI doesn't always provide the best user experience today," he concedes. "There are thousands of ways to ask the same basic question. It's hard to build an AI application that can recognize and respond to them all, but AI is a fast learner and will get smarter pretty quickly."

Payments *Done for You*

Even while legacy back-end systems sometimes prevent cutting-edge AI experiences for CU members, some front-end and ancillary vendors are charging ahead. Take CUES Supplier member Payrailz (*payrailz.com*), for example. The 2 1/2-year-old Glastonbury, Connecticut, payments software provider gets it, says founder/CEO Fran Duggan. "It's all about providing the best member experience. People are embracing solutions that do tasks for them, and that's what we're attempting with payments. We'll do it for you."

Payrailz sees itself as the next generation of online or mobile bill-pay, deploying AI to combine what members now do with their fingers and what they do with their heads—the thinking and remembering part. "From the data they have, credit unions know a lot about their members and their financial behavior," Duggan points out. They know whom they pay and when. They know when they get paid and how much. They can see, for example, that payments are coming due from three suppliers tomorrow and that the member is short funds until an automatic payroll deposit will hit three days later, so the smart payments system can call attention to the problem and suggest a solution, perhaps a simple transfer from savings or a payment timing strategy, he illustrates.

The system can also alert users when surplus balances build and suggest a more productive use of the funds, he adds. And from the available data, Payrailz can even identify when it appears that a member is paying more for a service like cable TV or mobile phone than his or her peers and, working through a third-party partner, offer the member an opportunity to negotiate a lower payment.

Payrailz limits itself to data provided by the credit union; it does not reach into such sources as social media activity. "That seem wrong and out of bounds," Duggan says. While Payrailz employs machine learning to discover actionable insights, it doesn't take the actions. "If we learn something new that would drive a particular action like moving surplus funds to a savings product," he explains, "we don't add that automatically. We leave it up to the credit union to decide what to provide."

The system can be set up to deliver digital advice and notifications through texts or emails, screen alerts or even digital assistants like Alexa, Duggan says. Push alerts are a standard feature, he adds. The goal, he concludes, is to provide a payment experience that adds value and one that members use to help better manage their financial lives with the least effort.

“Customers are interacting with Amazon, Apple, Google and online merchants in ways they don’t interact with their financial institutions, and they are asking, ‘Why can’t my bank or credit union do that?’”

– Ben Morales, CCE

FINANCIAL ADVISING

Among the automated product offerings, personal financial planning has experienced slower uptake than expected, Zuniga reports.

“The use case is evolving,” he says. “It seems that people are less interested in creating long-range plans than they are in regulating their financial behavior. They want to know if they’re overspending or have sufficient savings. They want to know if they’re on track for a wedding or vacation they might be planning. They’re less interested on a daily basis in what they’ll have when they retire, but they’re anxious to avoid debt beyond the student loans they might have outstanding.”

Suncoast CU is cautiously bullish on AI-driven personal financial advice, according to Hassenfelt. “We think that will develop with the build-out of a natural voice channel using digital assistants,” he says. “We’ll probably deploy it when the technology is ready.”

Fintechs are solving the problem of data gaps due to the different financial providers a person might be using, he adds. “Companies like Plaid (*plaid.com*) are making it easy for members to link accounts at different financial institutions [through an app] so we can aggregate the data.” With access to such data, Hassenfelt believes financial advice technologies will be thriving “in three or four years.”

Preparing for expanded use of such AI tools is one reason Suncoast CU has brought in Payrailz (*payrailz.com*), a smart bill-pay service provider based in Glastonbury, Connecticut. The CU went live with the platform in June. Hassenfelt sees Payrailz as a digital payment platform that can help members make sound, proactive finance decisions based on their data, not just a bill-pay vendor. “Our old bill-pay product was used a lot but not really growing, so we went with Payrailz for bill-pay and P2P payments. ... We picked them because we like their AI strategy. Their AI potential looked good to us.”

A version of a future member experience may be taking shape in a community bank, nbkc Bank, Kansas City. That bank is working with fintech giant Finastra (*finastra.com*), based in London, which now includes Malauzai Software, to develop a conversational banking bot that uses Alexa for voice, reports Shuki Licht, Finastra’s chief innovation officer. “We use artificial intelligence and multiple APIs developed by fintechs to go beyond routine banking transactions,” he says. A customer of that bank could soon get natural language answers to questions like “Can I afford to spend $300 on a watch?” or “What would be the approximate monthly payment if I bought a $25,000 car?” “The machine can make recommendations just like a human would,” he concludes.

nbkc bank worked with Finastra on the product that was presented in a pre-recorded demonstration at the May 2019 FusionOne conference, according to Eric Garretson, CFO/fintech strategy leader at the $800 million bank. The software did give appropriate natural language answers to personal financial questions. Now nbkc is getting ready to test the product for rollout to its customers. “We’re eager to partner with fintech companies to see what we can give our customers,” Garretson says. “It’s in our DNA. We’ve been the first customer of two technology companies.”

That’s fantastic. Or maybe not. The benefits of robust AI for financial institutions could be overrated, Zuniga cautions. True artificial intelligence supported by machine learning is not fully utilized for retail banking today, he says, and that’s not necessarily a shortcoming.

“Applications today quantify and clarify, but you don’t necessarily find them changing algorithms automatically. Essentially, they learn and report; they don’t take action independently. Until implementation of AI technology in banking matures quite a bit more, I don’t think credit union managers want the retail banking systems’ ‘brains’ to grow without appropriate curbs. There are a finite set of activities in retail banking that smart computer programming needs to support. And a truly smart solution needs to also observe limits.”

Richard H. Gamble *writes from Grand Junction, Colorado.*

MORE ON ARTIFICIAL INTELLIGENCE

Challenging Payday Lenders (*cumanagement.com/0719challenging*)

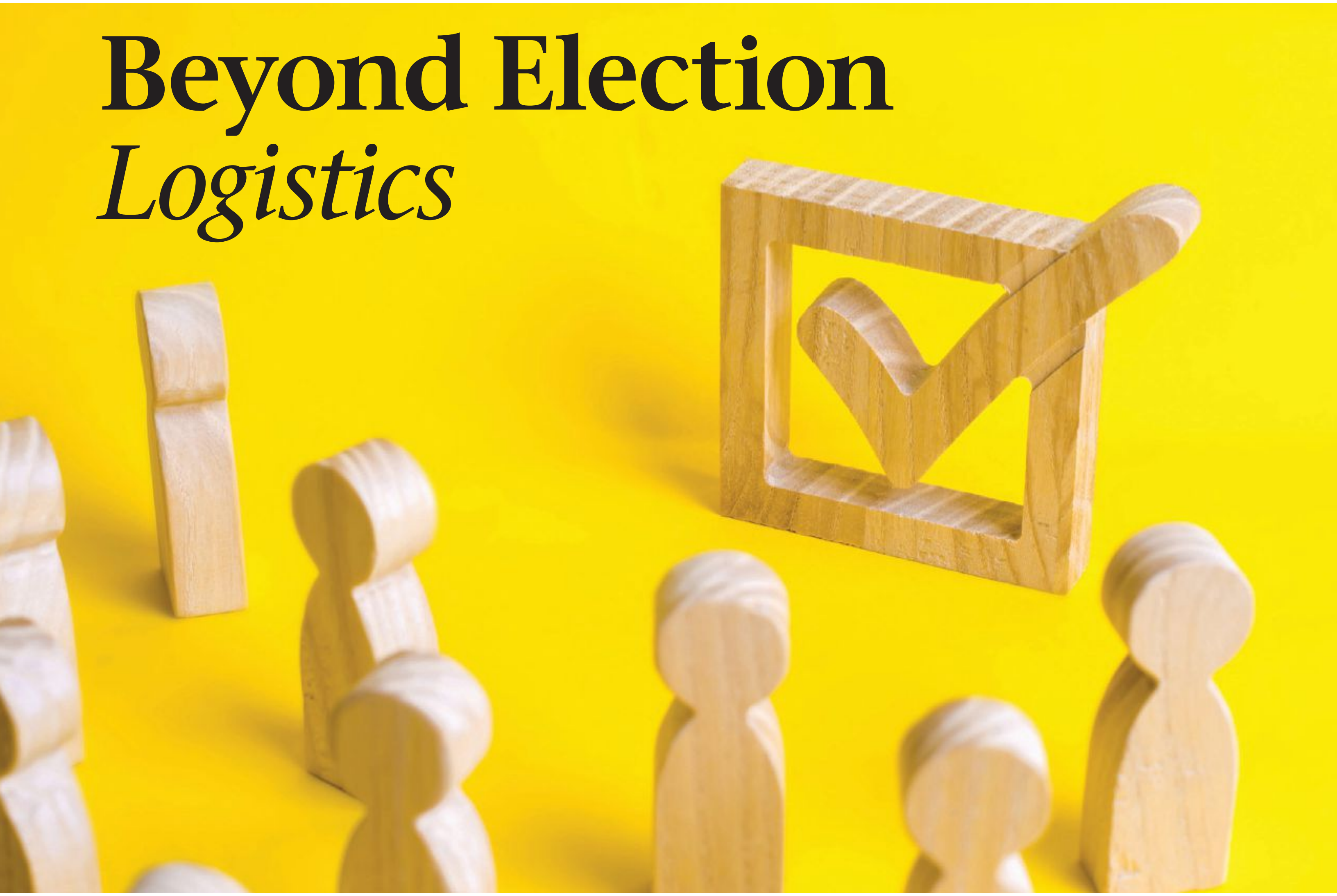
Alexa, Is Voice Search Right For My Credit Union? (*cumanagement.com/0519alexa*)

Tech Time: Real Talk About Voice Banking And The Omnichannel Experience (*cumanagement.com/0519techtime*)

Mobile Banking Technology Outlook for 2019 (*cumanagement.com/0119mobile*)

What’s Ahead for Artificial Intelligence? (*cumanagement.com/0518ahead*)

Beyond Election *Logistics*



BOARD LIAISONS EXPERTLY KEEP VOTES ON TRACK, BUT WHO KEEPS THE DEMOCRATIC SPIRIT ALIVE?

BY SARAH SNELL COOKE

Credit union boards comprise people who are supposed to think more strategically than most. To stay strategic, boards may need a helping hand in the details of running things—like elections. That's why many now have a board liaison supporting them.

Julia Patrick, founder of the American Nonprofit Academy (*americannonprofitacademy.com*), Phoenix, says appointing a board liaison can really help a credit union keep its governance—including board elections—on track. A fourth-generation philanthropist, she's served on many boards and says she probably wouldn't consider serving on a board that doesn't have a liaison supporting the work of the directors.

In addition to keeping the board on schedule with elections and possibly tallying votes and working with the appropriate committees, the board liaison adds legitimacy and credibility to the elections process.

With one non-board member managing the process, "it's above board and gives us all that has to be recorded for legal compliance," Patrick explains, such as any conflict of interest a director may have.

A GOOD BOARD LIAISON HAS …

Qualifications for this position include strong organizational and communications skills, attention to detail, project management experience and deep knowledge of the credit union's bylaws. Board liaisons require access to the CU's board records, so they must be trustworthy, preferably have institutional knowledge and understand where to get information and share it within the organization, Patrick advises. And, when things get tense, they may also need to be skilled in diplomacy.

"That board liaison can help guide some of these things," says Patrick, who will co-lead

CUES' Board Liaison Workshop (*cues.org/blw*) in September. "There's a lot in the financial sector in terms of fiduciary and legal compliance that needs to be taken care of. The board liaison is the person that says—to the attorneys or to the accountants or to the auditors—here's this document, here's this record here. They help steward that flow of information, which is incredibly important. It's what makes our financial institutions in this country so strong, because we do have high levels of compliance."

Michael Daigneault, CCD, will co-lead CUES' Board Liaison Workshop in September with Patrick. CEO/founder of Quantum Governance L3C (*quantumgovernance.net*), CUES' strategic provider of governance services based in Herndon, Virginia, Daigneault explains that board liaison duties are often taken on by a full-time credit union employee who also has other responsibilities. But, he notes, the role of the board liaison may well be worthy of a full-time position all its own, depending on the size and complexity of the credit union and the level of support offered to the board.

Many times, the responsibilities of the board liaison are taken on by the CEO's executive assistant. The credit union's supervisory committee also could be involved in making sure that the election has been done properly, Daigneault adds. He also recommends that every credit union have a governance committee "to ensure effective governance practices as well as proper policies and procedures are in place for the election process, and that the election is conducted in a fair, appropriate way."

A BOARD LIAISON IN ACTION

At $842 million Listerhill Credit Union (*listerhill.com*), Sheffield, Alabama, the person responsible for ensuring elections go smoothly is CUES member Nicole Ritter, executive director of presidential and volunteer affairs. She's been at the credit union for 10 years and has served in her current capacity for five and a half years. At this point, she practically has the bylaws memorized, but just in case, she has a copy out on her desk, highlighted and tabbed. Ritter says she was grateful to have a couple years of tutelage under the credit union's chief risk officer, who had been overseeing the board election process but now is retiring, so Ritter is on her own.

What advice does Ritter have for supporting a board election? Start with the annual meeting date, she says, so all of your other deadlines correspond to that date. "Credit union bylaws spell out the timeline for the election process. And start early, so you aren't rushed to meet those deadlines," she emphasizes. The nominating committee then nominates a volunteer per vacancy. Next, Listerhill CU's call for nominations is mailed to all its members.

Ritter explains, "If someone other than an incumbent volunteer wishes to run, they must attain 500 member signatures, complete an application and have the required background check. If all of these requirements are met, we then notify a third-party vendor, who will create the ballot and conduct the election. If no nomination for petition is received, then nominees are just elected by acclamation."

ELECTION MANAGEMENT TOOLS

Using a third party to count the ballots and report back the results further separates the board from the election process, promoting its independence. CUES eVote (*cues.org/evote*) offers electronic voting assistance, which has become more popular in recent years. CUES Products & Services Manager Laura Lynch explains that she can set up a CU's board electronic ballot in eVote or design, print, mail and tabulate paper ballet results.

eVote is mobile-friendly, making it even more convenient for members and boosting participation. Lynch says e-voting can be a huge cost savings—a credit union that sends paper ballots to all of its 80,000 members will spend about $40,000. Smaller credit unions, however, might find it more sufficiently cost-effective to continue mailing ballots, she says.

"Keeping the board separate from the tabulation, so that they have no influence over votes cast, is important," Lynch says. "They don't even typically know how many votes have been cast per candidate. I'm only telling them the total number of voters in the election and the winner, so they have an idea of what participation looks like overall. It really puts them at arm's length from the actual tabulation process."

Ritter says Listerhill CU hasn't held a contested election during her tenure, but it does happen. Lynch says when this happens, credit unions often turn to CUES with questions.

"Let's say an incumbent doesn't get re-elected," she says. "That is kind of unusual, and so, there are a lot of questions." Some questions can be basic, like "What did you do to make sure the elections were secure?" or "How do we make sure people didn't vote more than once?" "They're looking to us to really add that layer of integrity to the process," Lynch explains.

Listerhill CU also recently started using Blueworks Live (*ibm.com/products/blueworkslive*) to help keep tabs as election deadlines approach.

"It's a process-mapping tool and database, and we map the whole process from beginning to end," Ritter explains. "This will help to ensure that every required step is followed, and all the deadlines are met. I feel like that will be very helpful going forward." Listerhill CU has not had an opposed election in several years, but it maintains a relationship with Intelliscan (*intelliscaninc.com*), Phoenixville, Pennsylvania.

"Credit union bylaws spell out the timeline for the election process. And start early, so you aren't rushed to meet those deadlines."

— Nicole Ritter

> "Comprising a board that has a wider set of voices is really going to be stronger. It might be tougher to manage in some way, but ultimately the outcome is going to be stronger."
>
> — Julia Patrick

MORE ON BOARD LIAISONS & ELECTIONS

Board Liaison Job Description (*tinyurl.com/cuesboardliaison*)

Board Liaisons: Cat Wranglers and Champions of Strong Boards (*cumanagement.com/041819skybox*)

Manage the Greatest Board Meetings—Ever (*cumanagement.com/0318manage*)

Board Liaison Workshop Sept. 4-5, Tustin, CA (*cues.org/blw*)

Request to join the CUESNet™ Board Liaison community (*cues@cues.org*)

CUES eVote (*cues.org/evote*)

But it doesn't do everything for you; the timing you input is critical. "In 2016, we revised our election process," Ritter said. "Our old election process allowed for nominations from the floor at the annual meeting, and we changed that to where now we require nominations by petition prior to the annual meeting. The first election cycle after we changed that, we really didn't have enough buffer in our timeline, and we felt rushed. Lesson learned: The next year we backed up and added a little extra wiggle room in there. Fortunately, that year, we didn't have a nomination by petition. We learned our lesson and started a little bit earlier next year."

Lynch reiterates this sentiment based on her experience working with many credit unions. Know your dates, run your member lists and get the notifications out, she says.

BOOSTING PARTICIPATION

A common question Lynch gets from credit unions is, "How do we get more people to participate in voting?" The answer is not simple.

Some credit unions run contests, like an iPad giveaway, or competitions among branches to see which will get the most members to vote. eVote helps here, because members can vote on a tablet as they're walking out of the branch. Others donate a set amount to charity for every vote cast, sometimes even allowing members to pick the charity.

But when so many board elections are done by acclamation with only enough members running to fill the vacancies—and they're often incumbents—it's hard to get members excited enough to take time out of their busy lives to run for a board seat or even vote for candidates, Lynch observes.

Some credit union members feel they don't know enough about the people running to vote, she adds, so publishing video clips of candidates, beefing up their biographies or putting other information out there to help members get more knowledgeable may help boost election participation.

Regardless, managing the expectations for voter turnout is important. Whether paper or electronic voting, the average response rate CUES sees for board elections averages just 5%.

Lynch works with two credit unions that hold an election every year. They have more than 10 candidates running for three board seats. Members at those CUs "find it very prestigious and a big part of their identity, but that certainly is not the average credit union," she says.

So, what does this mean for the democratic rule of credit unions when few members vote and even fewer run for seats on the board?

"The voting process that is utilized by credit unions at times has only the veneer of democracy," Daigneault says. "But in reality, only a limited number of people are voting. And as a result of that, what this can do is consolidate the power and authority of the credit union in a small number of people. It's not really the spirit of what credit unions are supposed to be about."

Paper balloting and especially electronic voting can help spread the democratic spirit, he says, rather than only allowing voting strictly at annual meetings.

"I think what that does is it reaches out to a broader constituency, and broader outreach is to me ultimately more democratic and better for the credit union in the long run."

BEST PRACTICES FOR BOARDS

Daigneault continues, "Another concern that people have is that it's difficult to find people (to run for the board), which is true; it can be difficult to find qualified candidates.

"But it's equally true that some of the processes that are used to do outreach, and to encourage qualified candidates to run, are not as robust as they should be," he adds. "... And so, one of the lessons learned is that the status quo often reigns because folks just don't do the outreach that's needed."

Daigneault points out that under the Federal Credit Union Act (*tinyurl.com/fcuact*), federal credit unions cannot institute term limits, but they can create policies that make it more difficult for someone to continuously win their seat back.

"Historically, some of the really experienced board members have something to contribute to the board table," Daigneault says. "But I've also seen some new board members really contribute mightily to asking new questions in new ways, coming from new perspectives."

Diversity is a positive for a credit union board in its strategic work for members, Patrick agrees, and it goes beyond age, gender and ethnicity to socioeconomic backgrounds, education, careers and more.

Having a credit union board with a wider set of voices is really going to be stronger, she says. "It might be tougher to manage in some way, but ultimately the outcome is going to be stronger for an organization, especially a financial organization.

"We historically have people that all look the same around one table making decisions, and we don't get a lot of innovation, nor do we get a lot of wider service coverage in the financial market," she adds. "That ultimately can become a problem."

We've seen this in history, Patrick stresses, such as when women and minorities weren't able to get loans or could only get one with a co-signer.

Credit unions can't just look for someone "who can fog a mirror," Patrick says. Instead, they must consider the board's overall composition, the skill sets of current and potential directors and really dig into what a particular candidate can do for the credit union 10 weeks, 10 months or 10 years from now, she adds.

TIME FOR AN OVERHAUL?

Daigneault says the entire election process needs an overhaul.

"The process of attracting qualified candidates, of providing them information about what it means to be a board member and encouraging them to run and get elected, as well as the onboarding process needs to be upgraded," he says. "Unfortunately, I think for some credit unions, the status quo reigns, because the existing leadership kind of likes it just the way it is."

__Sarah Snell Cooke__ has 20 years of experience in credit union publishing and is principal at Cooke Consulting Solutions.

Car Loan *Collections*

CREDIT UNIONS RESHAPE THEIR PRACTICES TO MEET CURRENT CONDITIONS.

BY KAREN BANKSTON

Focusing on keeping indirect loans current, plus using new tools for staying in touch with delinquent borrowers and controlling losses are helping credit unions with car loan collections.

INDIRECT COLLECTIONS

Delinquencies are typically higher among indirect borrowers than members who apply for auto loans with their CUs—so focusing on indirect collections is one way CUs can make headway in keeping their full portfolio of auto loans current.

"Credit unions pride themselves on creating deep relationships with their members. When membership is created by a third party, developing that loyalty and deep relationship with the credit union is more challenging," says Jeff Mortenson, VP/client relations for SWBC's Financial Institution Group (*swbc.com*), a CUES Supplier member based in San Antonio. "The loyalty factor helps when a member is experiencing financial difficulties. The member is more apt to make the credit union loan payment a priority during challenging times."

In addition, CUs may not get the first look at applications from the indirect channel because of dealers' relationships with big banks and manufacturers' captive finance divisions, Mortenson says.

The collections strategy often differs for indirect borrowers. "We tend to reach out more frequently and earlier in the delinquency cycle," says Connie Shoemaker, SVP/operations for the SWBC Financial Institution Group's AP account. "In some cases, we'll even do welcome calls for those new members to help them understand where they send their payments and how much their payments are. And we'll get them set up for automated payments if that's their preference—all those things that help to keep the account current."

Without these onboarding calls to verify new members' contact details and share information about the CU, "there tends to be a high level of disconnect," Mortensen adds. "They didn't go to the car dealership to get a new financial institution. They went to the dealership to buy a car and finance it. A phone call establishes a direct connection so that each borrower knows, 'I'm financing my car with this credit union.'"

Overall, with originations and delinquencies, CUs will be more successful if they employ a dealer relationship officer, he adds. Meeting regularly with dealers, educating them on the CUs' financing programs and providing periodic performance results all will help to head off delinquencies.

NEW PARTNERS, NEW STRATEGIES

With forecasts of a recession ahead, "credit unions will need to be smarter about the way they handle collections," says Sergio Moreira, director of product risk and recovery, Allied Solutions (*alliedsolutions.net*), a CUES Supplier member based in Carmel, Indiana. A range of tools and solutions can help improve outcomes, from initial delinquency through asset recovery, in support of the following strategies:

Monitor for early warning signs. Borrowers who are having a hard time paying bills often drop auto insurance coverage before they fall behind on their car payments. Insurance tracking services can alert credit unions when members stop paying auto insurance, "so they can reach out even before delinquency mounts up to see how they can help members," Moreira notes. "By trying to stay ahead of the curve, credit unions can demonstrate that they're there to help members manage through financial difficulties."

Connect members with past-due loans to alternative financing. To minimize the burden of delinquencies, CUs help members find refinancing options. Moreira cites Allied Solutions partner Auto Approve (*autoapprove.com*) as such an option that takes problematic loans off CUs' books and "helps create a better story for members who get to keep their cars," Moreira notes.

Track down vehicles for repossession. CUs can also work with companies (including partners of Allied Solutions) that collect license plate data from cars and trucks traveling and parked in public areas and match it with vehicle identifica-

MORE ON AUTO LENDING

What's Keeping Lenders Up at Night? (*cumanagement.com/0619whats*)

Helping Them Buy Their Ride to Work (*cumanagement.com/0419helping*)

Loan Zone: An Analytics-Based Approach to Risk-Based Auto Lending (*cumanagement.com/0319loanzone*)

> **"The loyalty factor helps when a member is experiencing financial difficulties. The member is more apt to make the credit union loan payment a priority during challenging times."**
>
> — Jeff Mortensen

tion numbers. That information is stored in databases that offer a 12-month history of where vehicles may be located, which can help CUs locate more vehicles faster.

Maximize return on recovered vehicles. When CUs repossess collateral that has been damaged, they can work with insurance administrators to collect on lienholder claims to maximize recoveries and offset selling those vehicles at a loss, Moreira says.

INFORMATION BASE EXPANDS

Ent Credit Union is relying more on databases like LexisNexis Risk Solutions (*risk.lexisnexis.com/collections-and-recovery*) for information about evasive borrowers, says CUES member Bill Vogeney, chief revenue officer of the $5.6 billion Colorado Springs credit union (*ent.com*) and author of *CU Management's* monthly "Lending Perspectives" column (*cumanagement.com/billvogeney*).

Having more data available about borrowers' whereabouts may not make it any easier to track down vehicles for repossession. Over the last couple years, "we saw more situations where we could not find people and we could not find their cars," Vogeney says. Instead of hiding their cars in garages, Ent CU collectors theorize, some borrowers may be trading vehicles with friends and relatives so they still have transportation but their cars are harder to track down.

The primary means of connecting with borrowers for collections is still by phone, but with younger members' preference for texting, Ent CU is working on developing more self-service tools for delinquent borrowers to check in about their plans for repayment and to make those payments electronically, Vogeney says. (Read more in "Text Time: Why Credit Unions Need to Facilitate Two-Way Texting" at *cumanagement.com/0619text*.)

"People don't answer phone calls much anymore, but they are more likely to respond to text messages," Moreira notes. "There may still be situations where phone calls or even door knocks are effective, but—as we've seen with our clients—leveraging text, email and video notification tools can be much more effective in engaging borrowers and driving up your response rate."

SWBC's collection communications are primarily done through phone calls and letters, but there is movement toward reaching out through texting and emails, which provides easier access to authorize electronic payments, Shoemaker says.

"When borrowers are having financial difficulties, sometimes they'd rather not have a direct conversation. They'd rather communicate via text and go online to make payments," she notes.

Public information databases and social media also support "faster, more accurate ways to find folks," Shoemaker says.

"You'd be amazed how much you can find out about people from their Facebook profile, how much they're willing to share online," she adds.

PREDICTIVE ANALYTICS IN DEVELOPMENT

SWBC is currently researching the use of predictive analytic models to help identify the timing and best order of collection methods and to plan strategies for bringing loans current, Mortenson says.

Ent CU is also looking to develop more predictive analytics to reach out early if there are signs of delinquency. Vogeney shares this example: John Smith has a car loan and a checking account with direct deposit for his paychecks. In January, his direct deposits stop, and in February he misses his car payment for the first time.

"We can see the signs that he's lost his job and is having financial problems," Vogeney explains. "Now we just kind of wait to contact that member or wait for him to contact us, but we could be using this data to be more proactive. We could also monitor other data, like changes in members' average daily account balances, and eventually apply machine learning to identify members who will have problems so that we can reach out earlier to help them with offers like reducing their payments by half over the next three months."

The goal is to continually analyze the wealth of data about members—not just their loan status but all their accounts and interactions with the CU—to inform a proactive approach of reaching out with tailored offers, Vogeney explains.

BASIC AIMS STILL APPLY

Even with new technology in place and in development, the fundamental tenets of strong loan performance remain unchanged. Controlling losses begins before loans are made, with careful underwriting and reasonable loan-to-value standards, Shoemaker suggests.

Alive Credit Union's adherence to that philosophy is reflected in its auto loan delinquency rate of around 6 basis points, a tenth of the industry average. "The bad thing is, the only way it can go is up," CEO Rose Gunter notes wryly.

In the relatively rare event of delinquencies, collectors with the $130 million Jacksonville, Florida, credit union (*alivecu.coop*) employ a "permanent corrective action" approach, which Gunter says reflects "a discipline of problem-solving."

"It's about really understanding why members are in the situation they're in. Oftentimes, what they tell you on the surface isn't what the real problem is," says the CUES member. "Our goal in working with members is to avoid the situation where we collect a payment today, and next month we're back in the same fix. We want to help them get back on track. Any time they ask for some type of workout, we try to look at the whole picture."

Karen Bankston *is a long-time contributor to* Credit Union Management. *She writes about membership growth, operations, technology and governance. She is the proprietor of Precision Prose, Eugene, Oregon.*

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Tell us a client success story.
$725 million University Credit Union, Los Angeles, teamed with Share One to undertake the purchase, assumption and conversion of CBS Employees Federal Credit Union, Studio City, California. Typically, combining two credit unions is a lengthy procedure that involves untangling a complicated web of data and reorganizing a multitude of third-party processes into one system that will benefit new and existing members. However, this team completed the workload for members in less than a month with a transparent and seamless effort. The exercise was a great benefit to the credit union's merging members and exemplifies how committed Share One is to our credit union partners.

How does Share One make its credit union clients more successful?
Share One prioritizes site evaluations as an important function to help our current clients be more successful. This process offers insight on how NewSolutions is being used at the credit union across various areas. Oftentimes site evaluations reveal missed opportunities. This revelation of lost or unimplemented enhancements can result in improved workflows or uncover specifics that allow the credit union to make immediate improvements. When a credit union experiences staff turnover or other issues that impact the understanding and functionality of the core, a site evaluation can point out these deficits and help improve its operations.

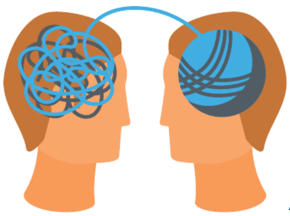
Is Mentoring *for You?*

The broad-based definition of a mentor—a person who has more experience and knowledge than the mentee—applies to many people in the organizational hierarchy. Typically, a mentor is a leader such as a manager, supervisor, department head, team leader, vice president or C-suite executive.

WHY LEADERS SHOULD ALSO BE MENTORS

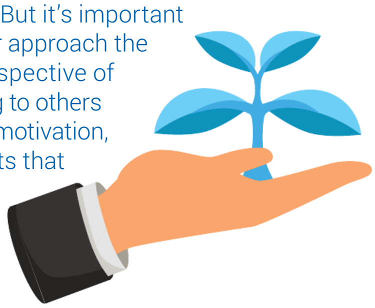
EXCERPT FROM THE *CUES GUIDE TO EFFECTIVE MENTORSHIP*

A mentor may come from within the credit union, but it can be just as helpful to have a mentor who comes from outside the organization. It may be a colleague whom you've met through your local credit union council or a civic or charitable organization in your community.



Often a mentorship is between two people in the same field—i.e., marketing, lending, technology. But it doesn't have to be. An AVP of marketing can learn from an AVP of lending. A branch manager can learn from an HR officer. A business development professional can gain insights from the head teller.

Mentoring provides benefits to the mentor as well as the mentee. But it's important that the mentor approach the role from a perspective of altruism—giving to others as the primary motivation, with any benefits that come from the relationship being of secondary consideration.



Even though your motivation should be altruistic, interactions with others almost always allow you to come up with something valuable—a different perspective, unique insights into another's way of thinking, and perhaps some thoughts on how to handle your own challenges. Because mentoring relationships often are cross-generational—i.e., an older, more mature individual providing mentoring support to a younger, less experienced person—it's a way to tap into the mindset of those who have yet to develop preconceived notions about how things can and should be done.

Traits of a *Successful Mentor*

- Successful in his or her career
- Well-respected by others
- Willing to share insights and knowledge
- Sees value in ongoing learning
- Recognizes the potential in others
- Has a positive outlook
- Good communication skills
- Well-organized and goal-oriented
- Strong ethics, integrity
- Honesty, openness
- Good at follow-through
- Ability to build trust
- Compassionate and empathetic

The ***CUES Guide to Effective Mentorship*** *is a benefit for members. Learn more at* cues.org/membership.

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What makes CU Members Mortgage unique?
Established in 1982, CU Members Mortgage was the first mortgage solutions provider in the credit union industry, and we're still going strong. For nearly 40 years, we've collaborated with CUs across the nation to fulfill their lending goals and achieve the home ownership dreams of their members. We continue to lead the way with a digital mortgage experience, bringing tomorrow's advancements to CUs today. Plus, retained servicing protects your member relationship and ensures that great service will be the utmost priority for years to come.

What do your clients love about CU Members Mortgage?
Our culture is perfectly aligned with the CU philosophy of people helping people. Unlike most typical mortgage sellers, we focus on families, not files. Experience, dedication and compassion guide our actions and allow our CUs to breathe easy, putting their trust in a partner that will carefully guide their members to solutions, now and in the future.

How does CU Members Mortgage make its credit union clients more successful?
CU Members Mortgage offers lending expertise that positions CUs for success. We provide a strong foundation of lending practices, from examiner-friendly policies and procedures to a wide range of product options. CU Members Mortgage works diligently to deliver the tools and experience that will supplement and leverage your existing talent. Our dedication and expertise strengthen the credit union impact in the marketplace—delivering more and better loans and a first-class member experience.

How is CU Members Mortgage making the credit union industry stronger?
CU Members Mortgage levels the playing field, giving CUs of all sizes the tools, technology and resources to compare favorably to any lender in the country for their members' mortgage loans. Whether it is the digital origination experience, the comprehensive menu of products, the compliance expertise, the portfolio servicing options or the secondary market execution, we've got your back to ensure your success.

Board Chair *Development*

Credit union board leaders are invited to attend the Board Chair Development Seminar (*cues.org/bcds*), Sept. 16-17 in Santa Fe, New Mexico, for a two-day, highly interactive seminar, covering the role of the board chair from A to Z.

Attendees will review and discuss the typical responsibilities and challenges of being the chair, with recommendations on chair behavior and insights drawn directly from the most recent literature and surveys of boards and chairpersons.

With governance expert Michael Daigneault, CCD, principal and founder of CUES strategic partner Quantum Governance L3C (*cues.org/qg*), leading the course, attendees will share best practices and success stories with their peers, as well as discuss ongoing challenges.

Topics studied include:

- the chair/CEO partnership;
- critical domains for chairperson leadership;
- the chair's role in leading the governance process; and
- governance oversight of performance and risk.

Attendees will also develop personal action plans to prepare for a successful "back-at-home" conversation with the full board about enhancing governance performance.

Board Chair Development Seminar provides much more than an overview—it presents a comprehensive knowledge base to help your credit union thrive.

New Whitepaper: *Digital Transformation Mountaineering*

In a new whitepaper, CUES strategic partner Think|Stack (*cues.org/goma*) describes how facing the "digital transformation" landscape is like staring in awe at the Himalayas—a seemingly endless series of cloud-covered peaks with no immediately apparent routes.

Credit unions are inundated with content declaring that they must scale the digital transformation mountain to compete with big banks and fintech. They must consider strategies like mobile first, omnichannel, digital journeys, data mining and analytics. All this must happen while also sorting through a wealth of applications available to enhance member experience and solve any problem.

Choosing how to plan and prioritize your approach is daunting and fraught with potential pitfalls. Often credit unions head off into the mountains, piling on equipment without first taking stock of their options and setting a long-term plan.

No one in their right mind wakes up one day, flies to Kathmandu and heads up Mount Everest. Conquering such a behemoth takes careful step-by-step planning, as does implementing a digital transformation strategy. You will need to consider:

- Why this challenge? And why now?
- A timeline including any life events that may alter or hinder your progress.
- A budget.
- A team of experts to support and guide you.
- An assessment of your current fitness to understand how you need to develop and strengthen for the adventure ahead.
- A carefully laid-out exercise and nutrition plan.
- A lengthy equipment list.
- Tracking devices and mechanisms to monitor your progress.

In short, you'll need a healthy mind and body accompanied by an ongoing support system and meticulous planning. The same is true for digital transformation.

Download the whitepaper at *cumanagement.com/thinkstack*.

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Level the Playing Field with Effective Contract Negotiation (Webinar)

AUG. 20
1 p.m. Central
Q&A Forum: Is Member Service a Differentiator or an Expectation (Elite Access)

AUG. 22
1 p.m. Central
What's New for 2019 Mortgage Regulation and Policy (Webinar)

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Building Up
the CU Industry—Together

As a credit union leader, your days are jam-packed—"busy" doesn't begin to describe it. That's why we promise you'll find real value in attending CUES CEO/Executive Team Network™ (*cues.org/cnet*), Nov. 4-6 in Amelia Island, Florida. This dynamic event has a strong focus on leadership and growth strategies, delving deep into need-to-know industry topics including team chemistry and diversity; leading with courage; today's economic, political and business climate; cybersecurity and talent development.

Among the group of esteemed keynote speakers is Walter Bond, former NBA player and CEO of Walter Bond Worldwide, who will kick off the conference Tuesday morning with "Team Chemistry Trumps Individual Talent: How Exceptional Leaders Deliver Unprecedented Wins." While his career story is inspirational, Bond's background as a professional athlete in a team setting means he has a strong understanding of the importance of recruiting and retaining the right talent for the team, both driving individual performance and growing team players, leadership and coaching.

This year's Hot Topic Open Forum will focus on cybersecurity. Seth Jaffe, CBCP, JD, VP/incident response and general counsel for CUES strategic partner LEO Cyber Security *(leocybersecurity.com*), Forth Worth, Texas, will lead "The Stick, the Sting, and the Squirm: How to Build Your Credit Union Cybersecurity Program in a Thoughtful Manner" and deconstruct the multitude of regulations into eight concrete steps for attendees to build or revamp their cybersecurity programs. One early piece of advice? Establish an incident response plan, per NCUA rules, and an incident response team that reaches beyond your IT department. "However your credit union decides to organize its cyber crisis management team, consider identifying those members before a problem presents itself," he advises (*cumanagement.com/1218techtime*).

Register today at *cues.org/cnet* and look forward to joining CUES and your colleagues as we all work together toward one common goal—the growth and success of the CU industry. Hurry! Rates increase $400 after September 20, 2019.

Don't miss CEO/Executive Team Network™ (*cues.org/cnet*), Nov. 4-6 in Amelia Island, Florida!

2019-2020

EXECU/NET™
Aug. 11-14
Summit at Big Sky Resort
Big Sky, MT

CEO INSTITUTE II:
ORGANIZATIONAL EFFECTIVENESS
Aug. 11-16
Samuel Curtis Johnson School of Management, Cornell University
Ithaca, NY

BOARD LIAISON WORKSHOP
Sept. 4-5
SchoolsFirst Federal Credit Union
Tustin, CA

CUES SCHOOL OF MEMBER EXPERIENCE™
Sept. 9-10
DoubleTree by Hilton Hotel
San Diego–Mission Valley

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

CUES SCHOOL OF BUSINESS LENDING™ III:
STRATEGIC BUSINESS LENDING
Sept. 9-13
DoubleTree by Hilton Hotel
San Diego–Mission Valley

PAYMENTS UNIVERSITY
Sept. 11-12
DoubleTree by Hilton Hotel
San Diego–Mission Valley

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Sept. 13
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San Diego–Mission Valley

BOARD CHAIR DEVELOPMENT SEMINAR
Sept. 16-17
LaFonda on the Plaza
Santa Fe, NM

DIRECTOR STRATEGY SEMINAR
Sept. 18-20
LaFonda on the Plaza
Santa Fe, NM

CEO/EXECUTIVE TEAM NETWORK™
Nov. 4-6
Omni Amelia Island Plantation Resort
Amelia Island, FL

DIRECTORS CONFERENCE
Dec. 8-11
Loews Royal Pacific Resort at Universal
Orlando, FL

CUES SYMPOSIUM: A CEO/CHAIRMAN EXCHANGE
Feb. 9-13
Fairmont Orchid
Kohala Coast, HI

EXECU/SUMMIT®
March 8-13
Westgate Park City Resort & Spa
Park City, UT

CEO INSTITUTE I: *STRATEGIC PLANNING*
March 29-April 3
The Wharton School
University of Pennsylvania
Philadelphia

CEO INSTITUTE II:
ORGANIZATIONAL EFFECTIVENESS
April 26-May 1
Samuel Curtis Johnson School of Management, Cornell University
Ithaca, NY

CUES SCHOOL OF APPLIED STRATEGIC MANAGEMENT™
April 27-30
Embassy Suites by Hilton Orlando
International Drive Convention Center
Orlando, FL

CUES SCHOOL OF BUSINESS LENDING™ I:
BUSINESS LENDING FUNDAMENTALS
April 27-May 1
Embassy Suites by Hilton Orlando
International Drive Convention Center
Orlando, FL

CEO INSTITUTE III:
STRATEGIC LEADERSHIP DEVELOPMENT
May 3-8
UVA Darden Executive Education
Charlottesville, VA

See the Possibilities *of Your Process Improvement Efforts*

BY C. MYERS

Process improvement is all about looking at the things we do from a new point of view. Usually we're looking at things that have been done the same way for a long time, so it's not always easy to see the possibilities. Here are six strategies for broadening your perspective.

1. Get the right people in the room. A top-down approach is less effective than having the people who do the process working together. The best way to uncover more opportunities and minimize siloed thinking is to have many open minds collaborating to create better processes.

2. Set clear objectives, but make space for new ideas. For example, if the goal is to make the process faster, be clear about what that means (i.e., faster for the member, the employee or system access) and why it's important. Clear objectives drive better decision-making. At the same time, keep an open mind about unexpected opportunities that could be discovered along the way.

3. Look at the process from multiple angles. Don't develop tunnel vision. For example, a process improvement team might be focused on software use. But by only focusing on software, it could miss the fact that the front-line employees using that software are not having the right conversations with members. Common workflow areas that should be addressed include system usage, employee interactions, steps members are asked to take and the steps employees take outside of the system.

4. Create ideal processes ahead of new systems. Process improvement can be an excellent tool for getting the most out of a new system before it is in place. Mapping how stakeholders want a process to work can help enormously with vendor selection and making sure the desired capabilities are well-defined before vendor demos. Mapping the process before system implementation can also help optimize system configuration, rather than simply replicating an old configuration.

5. Examine the trade-offs of your decisions. Look at all sides of each decision to evaluate what is being gained and lost in terms of convenience, safety, ease, cost and relevance. For example, a decision to keep an inferior system in place doesn't just save money; there is likely a trade-off for poorer member experience. A decision that requires members to provide more documentation than the competition doesn't only reduce fraud; members may perceive the credit union as difficult to deal with and go elsewhere.

6. Try thinking in terms of a total revamp. Give yourself permission to think beyond incremental changes. Even if you don't ultimately choose to revolutionize the process, serious consideration of very different approaches can provide fresh perspectives and new ideas. Perhaps more profound changes could be implemented later. This isn't about making rash decisions, but stretching everyone's thinking to potentially reap bigger gains.

Organizations that undertake process improvement with an open mindset will find that they uncover more opportunities, gain more efficiency, get more buy-in, and create a better member and employee experience. Intentionally fostering an open-minded approach leads to a truly fresh point of view, a key ingredient for successful process improvement.

c. myers corporation (cmyers.com) *has partnered with credit unions since 1991. The company's philosophy is based on helping clients ask the right, and often tough, questions in order to create a solid foundation that links strategy and desired financial performance.*

Read the full post and leave a comment at *cumanagement.com/060319skybox.*

"What we should do is make sure the people we promote have the willingness and desire to grow. … We must encourage our up-and-coming leaders to change the way they see themselves. … We can do this by providing honest feedback, engaging in open dialogue about opportunities and challenges, offering encouragement, asking questions and sharing knowledge."

Jennifer Stangl, CUES' director of professional development, in "Purposeful Talent Development: You Can Learn From Anyone, Including Oprah" on CUES Skybox: *cumanagement.com/062419skybox.*

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