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Contents

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VOL. 42, ISSUE 12

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Contents

ARTICLES

"Linh ... was a mentor, but she wasn't a micromanager. She gave me the space to establish my own way of doing things, but she was there when I needed her."

Nora Rodriguez-Patterson, director of project management, Addition Financial, Lake Mary, Florida, in "Leading With Integrity." Read more on p. 24.

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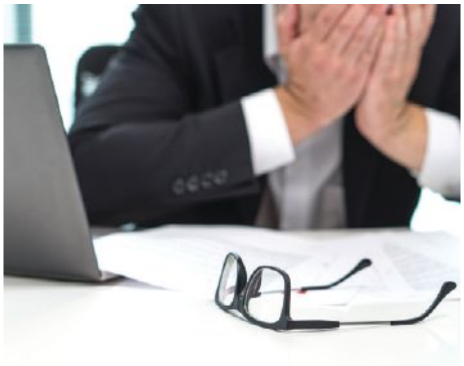

Online-Only Column

HR Answers: Signs of Burnout and Ways to Avoid It

Emotional well-being is the energy that powers employee performance, and it can have both short- and long-term impacts on workplace productivity. Ask these five questions to gauge your employees' levels of work-related stress.

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CUES Podcast

The Value of Having 'Motivation Conversations' With Employees and Yourself

Susan Fowler, best-selling author and upcoming speaker at CUES Symposium (*cues.org/symp*), explains why motivation is a skill and how leaders can help their teams find motivation during change initiatives.

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Leaders Build Teams *With Trust and Courage*

As I write this column, I'm just back from CEO/Executive Team Network in Amelia Island, Florida, bursting with inspiration, good intentions and story ideas to share with you, our CUES members.

We started the conference with an energizing session about teamwork with a former NBA player turned speaker, business coach and author, Walter Bond (*walterbond.com*). His core message: "You're not in the financial services business; you're in the business of people." In the NBA, it was all about teamwork, he said. Then, "when I left [basketball] and went into business, it was all about leadership, leadership, leadership. Nobody talked about teamwork. That was baffling to me because a leader's job is to build a high-performing team."

Former NBA player Walter Bond speaking at CUES CEO/Executive Team Network in Amelia Island, Florida.

Bond shared an example of a CU client that he works with where the CEO knows the names of all 400 employees, plus the names of each employee's spouse and children! "He understood he's not in the financial services business—he's in the business of people," Bond said. "Successful credit unions understand you are a training and development organization masquerading as a credit union."

Trust is an important factor in building strong teams and attendees were treated to a session with Stephen M.R. Covey (*speedoftrust.com*), author and co-founder of CoveyLink and the FranklinCovey Speed of Trust Practice. "It is not enough to be trustworthy," he said. "That is the starting point. But we also as leaders have to be trusting. ... Without trust you are not a team; you are a group of people working together. It is trust that turns a group into a team."

Courage is another important trait for leaders. Courage at work is difficult because it is so often associated with career suicide, said speaker James R. Detert, associate dean of executive degree programs & leadership initiatives at the Darden Graduate School of Business Administration, University of Virginia, where CUES CEO Institute III (*cues.org/inst3*) is held. But we can practice being courageous by building a courage "ladder," he said.

"Think of the scariest thing you can imagine doing right now and put it at the top of your ladder," Detert explained. Next, think of other things you are avoiding but that are not as scary and put them on lower rungs. Then start climbing from the bottom. "Practice starts at the bottom, where we can develop competency," he said.

Read more insights from the event at *cumanagement.com/1119cnet*. Next year, CEO/Executive Team Network will be in Austin, Texas. It's not too early to sign up at *cues.org/cnet*!

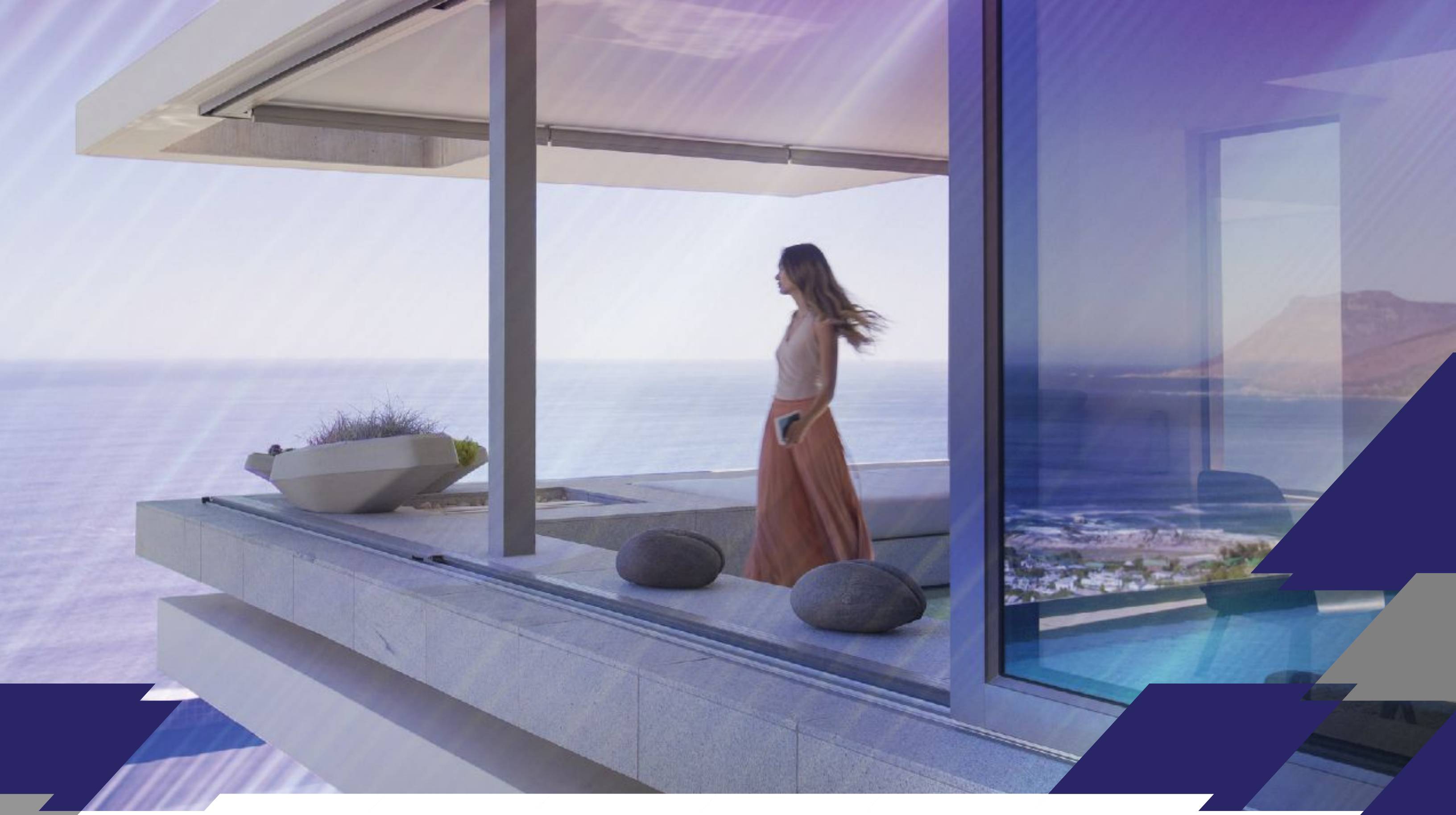
Theresa Witham
Managing Editor/Publisher

P.S. We also honored seven credit union leaders at CEO/Executive Team Network last month. Read about CUES Exceptional leader Linh N. Dang, CCE, on p. 24.

YOUR THOUGHTS

HOW DO YOU BUILD TEAMS AND LEAD WITH COURAGE AT YOUR CREDIT UNION?

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



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Building Members' *Financial Security*

By Alicia Atkinson and Elizabeth Escobar

Walking into $13 million Express Credit Union, a community-based CU located in South King County, Washington, you are immediately surrounded by representation of community: flyers sharing local events in multiple languages (such as Spanish), surveys asking for feedback and member highlight stories. In short, you learn about (and see) a community-based credit union that has made substantial and meaningful efforts to include everyone in its branch—from communication materials to financial service product design.

Through the "Financial Health for Diverse Communities Project," (*tinyurl.com/y63pomfm*), we had conversations with community members who were connected and not connected to financial services in South King County. By listening to the community, we heard that there is a key thing missing when it comes to supporting diverse communities: building trust-based relationships.

Traditionally, such financial capability programs as credit-counseling or financial education have focused on increasing engagement by looking to expand individuals' knowledge, skills and ability to access resources. By talking to community members, we learned that challenges with engagement are steeped in strained relationships with financial institutions and don't necessarily have to do with individual knowledge or the products these institutions are offering.

We determined that creating a new financial product or service would not have the desired impact we hoped to achieve with immigrants and refugees in the U.S. Instead, investing in the quality of relationship an individual has with a financial institution can change attitudes, behaviors and decisions to engage in ways that make sense for these communities. Here are three key lessons we learned from community members.

1. Trust is worth investing in. According to our focus groups, sharing information isn't enough to drive dramatic change. The relationships individuals have with financial institutions make a difference in their behavior, attitudes and decisions. The trust and quality of relationships span generations and are passed along. The good stories and the bad stories get retold and reshared, extending the life and impact of a single encounter beyond that moment and the people directly involved.

2. Bad news can travel fast to historically undeserved communities. Even without firsthand negative experience, the social perception shared by others can impact individual behavior, which can reinforce a sense of fear and distrust. The transitive trust that is foundational to many communities and social groups contributes to the impact of negative stories individuals shared. This wisdom and insight shared from others is valuable to any community or social group, and especially those who are at a decision point about what to do next.

3. Payday lenders invest in customer relationships. While there's no shortage of controversy and concern for the predatory practices of payday lending, we observed two things payday lenders do well that financial institutions could invest in to strengthen the customer experience they offer. The individuals we spoke to who worked at a payday lending facility created personal connections with their customers, often referring to each other on a first-name basis and asking each other about their kids, other family members and jobs. This personal relationship contributed to a sense of belonging for customers.

DIVERSE COMMUNITIES FINANCIAL INCLUSION: ASSESSMENT & ACTION PLAN

Based on these insights, The Prosperity Agenda developed an approach that puts the effort and accountability to drive change on the side of financial institutions. Financial institutions can measure how inclusive they are through the voice of staff and leaders using a 10-minute, 13-question organizational assessment. Then, they can measure how inclusive they are through the voice of community members using a 10-minute, 15-question community perception assessment. Both assessments measure respect, trust, accessibility, transparency, engagement and community representation.

At Express CU, we tested the organizational and community perception assessments with our members. The results showed foreign-born and non-foreign-born members feel Express CU is trustworthy, respectful and transparent.

"The assessment reinforced Express Credit Union's belief that trust matters," says Paul Baudin, CEO. "In fact, it's essential for effectively meeting the financial needs of diverse communities. Survey results were the impetus for Express to strengthen our member engagement. We implemented surveys of all new members to measure the quality of their experience in joining the credit union. The tactics toolkit provided specific ways to improve our response to the most urgent community needs. Express continues to focus on engaging with every credit union member and will periodically conduct reassessments of their perceptions."

Read a longer version of this article at cumanagement.com/1019building.

Alicia Atkinson *is innovation lab director at The Prosperity Agenda (*theprosperityagenda.org*), and* **Elizabeth Escobar** *is chief business officer of $13 million Express Credit Union (*expresscu.org*), Seattle.*

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2020 Vision *for Lending*

WHICH FACTORS WILL BE MOST CRITICAL FOR CREDIT UNIONS TO KEEP IN FOCUS?

BY STEPHANIE SCHWENN SEBRING

Going into 2020, lenders must try to get clarity on key such key ideas as the economy, consumer confidence, risk and regulation. Also looming are the soon-expiring qualified mortgage patch and Fannie Mae and Freddie Mac moving out of conservatorship. Experts predict rates will remain low and the yield curve flat as credit unions seek to balance loan portfolios. The emphasis will shift away from auto loans to home equity, credit card and personal loan opportunities—and, of course, toward technology and other means of making loans more efficiently.

FEDERAL REGULATION & GSE REFORM

Although the economy has shown signs of slowing (see *cumanagement.com/1019cfofocus*), the National Association for Federally Insured Credit Unions (*nafcu.org*), Arlington, Virginia, believes it will be healthy for a while yet, and CUs will be able to continue lending to members.

Carrie Hunt, NAFCU's EVP/government affairs/general counsel, says that despite whispers of an economic downturn, such key indices as low unemployment, a modestly growing housing market and strong consumer spending point to a positive outlook. The Federal Reserve has also lowered rates, providing more opportunities to grow loans.

"NAFCU doesn't anticipate a recession by year-end," Hunt explains, "but with the economy showing signs of slackening, there is added pressure on lenders for more balanced lending portfolios. Portfolio diversity is nothing new, and the NCUA (National Credit Union Administration, *ncua.gov*) remains concerned about concentration risk."

Hunt also notes that capital is strong among CUs. But other pressures persist, including compliance with new current expected credit losses guidelines. These fundamentally change how U.S.-based financial institutions account for credit losses. (See *cumanagement.com/1118loanzone*.) Some experts encourage CUs not to delay setting up their process for collecting the necessary data, even though the effective date for CUs has been delayed to 2023. Meanwhile, NAFCU is lobbying rule-makers to leave CUs out of the equation.

"We're working on getting credit unions exempted from CECL standards, which would

> **"Growth could come from the resurgence of personal loans, notably through fintech innovation, which has made personal loans 'cool' again."**
>
> – Lisa Bonenfant

restrict lending and an infusion of money into the economy," Hunt says. "The NCUA is also looking at ways to reduce the impact of CECL, such as allowing credit unions to phase in the initial capital hit over a period of time."

Hunt expects the Consumer Financial Protection Bureau (*consumerfinance.gov*) to let the qualified mortgage exemption, "the GSE (government-sponsored entity) patch," expire in 2021 and encourages CUs to prepare for that shift. A qualified mortgage must be written following specific standards—the "ability to repay" rule. The patch exempts GSE-backed loans from having to abide by the full scope of rule.

In July, the bureau issued an Advance Notice of Proposed Rulemaking (*tinyurl.com/julyanpr*), seeking comments on the expiration of the GSE patch and possible revisions to the QM definition. "NAFCU supports a broader definition of a qualified mortgage, including an increase in the debt-to-income ratio. It's now more important than ever for credit unions to have the QM safe harbor, so they can lend to and better serve their communities," according to a comment letter (*tinyurl.com/919nafcucomment*) NAFCU filed with CFPB in September.

"If the bureau ends QM exemptions, there could be a devastating impact on lending," says CUES member Bill Vogeney, chief revenue officer for $6 billion Ent Credit Union (*ent.com*), Colorado Springs, Colorado. "Fannie and Freddie have been approving and buying more mortgages with debt-to-income ratios over 43%. If lenders don't step up and approve these loans for their portfolios, it will have the impact of eliminating perhaps as much as 20% of the home-buying market. Ent has approved a limited number of loans (mostly jumbos) that are not Fannie loans. To mitigate risk, Ent developed its own analysis of reserves to ensure it could cover any shortage of income for the payment."

With the GSEs bolstering capital, it appears they're preparing to move out of federal conservatorship, Hunt says. "We support an eventual exit but want to see statutory support with protections in place for credit unions. High volume lenders, such as Wall Street banks, should not receive more favorable loan pricing from the GSEs based on the number of loans being sold. Instead, loan pricing should be based on loan quality.

CUs "enjoy solid relationships with Fannie and Freddie and have good processes in place," she adds. "We're concerned for down the road, but we don't anticipate the GSEs to be removed from conservatorship ... until after the next election."

Other regulatory discussions that could impact CUs relate to payday alternative and business loans, as well as fintechs. "The NCUA is proposing payday lending alternatives legislation, and it's a regulatory challenge that needs to be resolved," Hunt notes. "We support PALs, which would safeguard credit union members. We also support increased business lending limits with longer maturity limits and would like to see an easing on the policy side for commercial loans."

Fintech regulation could help level the lending playing field. "Some fintech companies are creating their own loan products and now marketing directly to members," Hunt says. "We believe regulators need to take a greater role in how fintechs operate when not partnering with a credit union or bank."

RATES & RECESSION

According to Eric Salzman, co-founder of Blanton Research LLC, with offices in New York and San Antonio, low rates could boost lending. "However, I believe we will be in recession by the early part of 2020, which would limit net loan portfolio increases."

Regarding the shape of the yield curve, Salzman notes that even if the Fed is in easing mode in 2020, there will be friction in the front end of the yield curve not seen in previous easing cycles.

"With the increase of the federal budget deficit, the supply of Treasury bills will continue to increase at historically high levels," adds Salzman. "The Fed has, in recent weeks, been forced to provide daily liquidity to the all-important Treasury repo market. This is in response to the supply of Treasury bills coming to market that has overwhelmed market liquidity.

"Additionally, the Fed recently stated that it would begin a more permanent (as opposed to daily operations) facility to purchase about $60 billion Treasury bills per month at least until the middle of 2020. We will have to see how this plays out, especially if supply continues to increase," he adds. "Subsequently, the yield curve may not steepen as much as in past Fed easing cycles.

"An economic downturn will hit many companies especially hard with the amount of leverage they have amassed over the last five years," Salzman continues. "It would also impact businesses that are leveraged with cheap funding hard. Usually, the first thing cut when companies are strapped to meet debt service is employment. Extraordinary low unemployment has been the cornerstone of economic growth over the past few years. Unfortunately, I think we will begin to see unemployment and underemployment rise substantially in 2020. With that in mind, we may see the 10-year Treasury rate challenge its all-time low yield of 1.36% set in 2016."

Vogeney believes the bond market is overbought, and the 10-year Treasury bond yield is lower than it otherwise would be. However, he notes that if long-term rates stay below 2%, it could be a good year for mortgage refinances.

THE CAR LOAN & MORTGAGE MARKETS

Of course, market trends make a difference in car and home lending. For example, declining car loan market share, fewer car sales and a shift from indirect lending will impact lending in 2020.

"New car sales are down for the year, with 16.9 million units sold

Some Economic Uncertainty *in Canada, Too*

For the first time in three years, the Bank of Canada has lowered its five-year qualifying mortgage rate from 5.34% to 5.19%. Overall, the Canadian interest rate environment is tied to broader economic performance and levels of global economic uncertainty, says Bryan Yu, deputy chief economist, Central 1 (*central1.com*), Vancouver, British Columbia. "While the Canadian labor market continues to perform well, and second quarter growth was robust, the economy is expected to expand at a modest pace (1.5%) by year-end 2019. Retail spending is also weak, manufacturing and export performance has underwhelmed, and housing and non-residential investment are negative."

He adds that the negative investment cycle is reflecting uncertainty in the future economy, given deterioration in the U.S.-China trade relationship. "Canada is also dealing with the fraying of its own relationship with China. And housing will likely receive a boost from federal policy to boost first-time homeownership, effective in September."

Yu believes there is no immediate need for a Bank of Canada rate cut. But the global growth cycle has slowed, and unless this is arrested by a calming of the trade waters, he expects the Bank of Canada to follow the U.S. Federal Reserve in easing rates. "Canada is not an island and would be influenced by a U.S. economic slowdown through export channels and financial markets," he adds. "We expect the Bank to cut by 25 basis points in early 2020."

Markets are already cutting prices. and indeed, mortgage rates have declined sharply over the past 12 months. This is providing some lift for housing market demand in Canada, although federal mortgage stress tests are limiting pass-through to many buyers.

Yu sees consumer sentiment taking a breather with global economic unrest in what has been a tumultuous period in housing markets. "That said, a tight labor market and solid population growth will support the economy and housing. Lower interest rates are already generating upward sales momentum in the resale housing market, and prices are firm. Even Metro Vancouver, which has borne the brunt of a housing downturn, is stabilizing and expecting to see positive momentum. While the market won't see the price gains of recent years, higher sales volumes and prices will drive higher lending activity."

(*autofinancenews.net*) in Q2 2019, down from 17.3 in Q2 2018," explains Bob Child, COO for CUES Supplier member CU Direct (*cudirect.com*), a CUSO based in Irvine, California. "This is the first time sales have been down since 2014, but previous levels were likely due to pent-up, post-recession demand, and levels are now normalizing. Based on our survey of eight economists' models, I don't expect car sales to exceed 16.5 million units in 2020."

Car buyers may be feeling edgy too, with NAFCU's Credit Union Sentiment Index reaching its lowest point (June 2019) of the Trump presidency. "Consumers are uneasy with trade tariffs," notes Child. "And if the president doesn't roll back the tariffs on autos, it will further impact consumer confidence. We believe he'll push back the tariffs but leave it out there as a threat."

Peaking loan-to-share ratios have caused CUs to pull back on auto lending as well, with market share dropping in Q2 to 19.8%, down from 22.1% in 2018.

"Surveying 50 large credit unions and auto lenders, 57% anticipate auto lending volumes to be either flat or down for 2020," Child adds. "These credit unions are reducing their auto lending ahead of a slowing economy, and most want to optimize ROA (return on assets) while focusing on mortgage, home equity and commercial lending."

Indirect auto lending won't be a spigot for growth in 2020, either.

"Credit unions aren't looking to indirect lending as a growth engine, and the environment for risk is not conducive," says Lisa Bonenfant, VP/credit unions for Experian (*experian.com*), a CUES Supplier member based in Costa Mesa, California. "There is also a greater emphasis on attaining more balanced loan portfolios."

Child says home prices and sales are additional factors that will influence credit union lending in 2020. Flattening home prices are expected to rise a modest 4.3% in 2019, he reports. In addition, falling home sales are projected to increase only 1.7% in 2019, with a seasonally adjusted annual rate of 5.3 million units sold in June. Soft home price growth is tied to the job market, Child notes.

"Plus," he says, "there's not enough affordable housing to meet demand, especially for first-time millennial homebuyers, with Freddie Mac estimating 370,000 fewer homes being built in 2019 than needed to satisfy population growth. Much can be placed on the shoulders of boomers, comfortable in their homes and low mortgage rates. I don't see them moving out of their homes for the next decade. Compounding the challenge are builders ignoring the lower-priced home market, simply because they're not as profitable."

However, 2020 could be a banner year for home equity financing. Child anticipates 25% growth in this segment.

"If consumers are staying in their homes and building equity—and [if] rates stay low—they'll consider this financing option for home improvements, car purchases and debt consolidation," Child says. "There are point-of-sale solutions that can help serve members and bridge the gap of a labor shortage."

AREAS OF POTENTIAL GROWTH

Naturally, regulation, the economy, rates and market trends all impact underwriting. "And this leads to discussions of automated decisioning, which will have to grow substantially to support loan growth," says Bonenfant. "We've seen some credit unions with very low automated decisioning levels, and most are looking to improve the pace and consistency of their decisions.

"There are credit unions with several hundred loan officers

"With the economy showing signs of slackening, there is added pressure on lenders for more balanced lending portfolios."

– Carrie Hunt

approving loans," she continues. "Most cannot sustain this and stay effective and competitive, especially for prime borrowers who don't need a hands-on decision. Instead, it requires understanding your members' data attributes for consistent, operationally efficient decisions. Watch for the increase of plug-and-play lending strategies, as credit unions seek to expand their membership and loan portfolios."

Ent CU decisions about 45% of consumer loan applications immediately based on credit scores and specific application attributes.

"We think we can get that number to 50%, maybe 55%, in the next 12 months and are striving for 60 to 70% in two to three years," Vogeney explains. "I'm not sure we can accomplish this without machine learning processing additional information, such as account data and data from third parties. Instead of having a rules-based decision engine in our loan origination system—processing 10, maybe 15 pieces of data—machine learning can handle hundreds if not thousands of pieces of data. It will help us to approve more people faster."

New credit scoring approaches may help too. In July, the House revived its effort to allow non-traditional data in credit scores. The idea is that the inclusion of such items as rent and telecom payments when determining creditworthiness could help consumers build their credit profiles.

"My understanding is that UltraFICO (a new score being piloted, *fico.com/ultrafico*) will allow consumers to upload their bank account history (transactions, average balances, non-sufficient funds info, etc.)," says Vogeney. "And for those with limited credit or credit problems, there may be benefits. I've seen where the average consumer (a 640 score) could see their score increase by 10 points, perhaps as much as 20. However, there have also been some concerns voiced by consumer organizations." (Read more at *tinyurl.com/crultrafico*.)

Some of this shift is consumer-driven, by those who want to improve their scores. Lenders are also enabling consumers to upload bank account information to improve the chances of approval. And the bureaus have an opportunity to offer a product that may allow lenders to approve more applicants.

"However, I don't think the net impact will be significant—we're probably talking about qualifying 2% more people for loans," Vogeney says. "And if lending to an existing member, credit unions may already consider this information."

Experian released a similar product to UltraFICO in 2019 called Experian Boost (*tinyurl.com/exboost*).

"These new means of identifying creditworthy consumers is a trend I expect to continue," says Alpa Lally, Experian's VP/data business/consumer information. "By incorporating bill-payment information, lenders have a clearer picture of a consumer's creditworthiness, beneficial for those with limited credit histories and scores between 580 and 669. Results also show that 90% of 'thin-file' consumers who use Experian Boost see an increase in their score, and 24% moved to a 'fair' tier. And two out of three consumers see an average increase of more than 10 points."

Technology also could support growth in lending areas currently less of a focus for CUs.

For example, "growth could come from the resurgence of personal loans, notably through fintech innovation, which has made personal loans 'cool' again," Bonenfant says. "Fintechs are providing flexible and fast lending methods to attain these loans, and it has created new consumer interest—especially among millennials who may be more averse to credit cards or don't qualify for home equity financing. They're not massive loans—but, with a capped amount, they present a different model from credit cards and another way to balance a portfolio."

CUs should also look to enhance their card programs and improve rewards. "Programs must keep pace, and historically credit unions have not focused on these programs," adds Bonenfant. "Ensure members have lucrative credit lines and you're delivering the right offer to the right member at the right time. Research indicates a positive correlation between card usage and larger lines."

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.

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Responding *to Call Surges*

VERSATILITY, STAND-BY AGENTS AND OUTSOURCE PARTNERS HELP CUs ADROITLY HANDLE SPIKES IN THE CALL CENTER.

BY RICHARD H. GAMBLE

Suddenly the phones start ringing off the hook. It could signal the tip of a potential iceberg. Or it could be a harmless bit of floe. Those piloting credit union ships have to know how to respond.

And mostly they do. Spikes happen often, and usually they are just a normal part of call center operations, says CUES member Rick Schier, chief member officer of $3 billion CommunityAmerica Credit Union (*communityamerica.com*) in Lenexa, Kansas. "We are able to monitor and review hourly, daily, weekly and monthly patterns. We know what happens on standard member pay days and after holidays, for example. We use historic data and forecasts to always be ready."

That works fine for the spikes that are predictable, based on experience, known events and sophisticated data analysis. But spikes often come out of the blue, warns Char Sears, AVP and remote experience manager at $1.2 billion Unitus Community Credit Union (*unitusccu.com*), Portland, Oregon. "We set a day plan in 30-minute segments. Maybe we planned for 50 calls in a particular segment and suddenly we're getting 100. We have to move quickly to figure out what's going on."

Unitus Community CU uses software from Topbox (*topbox.io*), Beaverton, Oregon, to help answer that question, Sears reports. It analyzes the heightened activity, based partly on words that the callers and agents are saying. Repeated mentions of words like "card" or "app" can help management get a handle on the cause, be it a large card breach or a problem with the CU's mobile banking, she says.

Every credit union with a phone number knows something about spikes, which fall into three categories. There are the normal, predictable spikes, explains Alan Stalnaker, manager of the member contact center for $4 billion Veridian Credit Union (*veridiancu.org*), Waterloo, Iowa. "Any time we're closed for a day, the next day we're open, we'll see a spike."

Then there are spikes that are not normal but are predictable, he explains. "In August, we completed a core conversion that required us to be closed for three days. When we reopened, there was a big spike. A few years ago, we had a systems conversion that required members to re-enroll. We spent a lot of time on the phone with members helping them reconnect when that happened."

And then there are spikes that are not normal or predictable. "We can be rolling along with a call or two every minute," Stalnaker observes. "Then that will jump to 80 or 100 in just a few minutes, and we know that something happened," he notes. "If there's an issue with our digital banking, calls go up, but fortunately that hasn't happened in quite a while."

COMMON CAUSES

What causes spikes? Common causes, according to Terri Panhans, VP/contact center solutions at Harland Clarke (*harlandclarke.com*), San Antonio, include card reissues, a new marketing campaign, a merger or acquisition or a systems conversion—particularly ones that affect online and mobile banking. One CU, she recalls, sent out a marketing communication that was confusing, and that caused a surge of calls. Another had an interactive voice response system glitch so that calls that normally stayed in the IVR system were routed to live agents. "Usually it's some situation at the credit union that causes unexpected spikes," she notes.

Or it could be big data breaches that expose confidential member information, notes Rini Fredette, SVP/contact center solutions at CUES Supplier member PSCU (*pscu.com*), St. Petersburg, Florida. How many members call depends on where the breach occurred. The Capital One breach, for example, didn't move the needle because not many members did business with Capital One. The Equifax breach definitely caused an increase in volume, she reports, but not as great as the Target and Home Depot breaches. "Members are very sensitive to where they shop and where they used their cards," she observes.

Another reason for a call center spike could be the announcement of a new regulation that typically is accompanied by a designated deadline for compliance. "Then all credit unions would be facing the same potentially disruptive event at the same time," Panhans points out. If a confusing new regulation affects members, that could require a lot of explanation, she adds.

A large power grid knock-out that shuts down call centers in a densely populated region could pose a problem, both because of a dip in available agents and a surge in calls, she notes. Natural disasters bring calls. The recent California wildfires triggered a lot of inbound calls, and Hurricane Maria was a landmark event, especially in Puerto Rico, she notes.

MOBILIZING RESOURCES

By definition, a spike is temporary, so the solution has to be temporary, and that can be a real challenge for a CU that needs to respond with a quick increase in trained, secure, member-friendly agents to supplement an established workforce. Not just anybody will do. When the CU needs to mobilize and put more agents on duty, they have to come from other CU staff, or from a vendor that offers an outsource service or from a local temp agency that can put bodies in seats quickly. Well-prepared CUs do some or all of the above. (See "Meeting the Staffing Challenge" on p. 16.)

Unitus Community CU has 20 dedicated call center agents, but other staff can join to help answer a surge in calls. "They have the training and the IDs to let them tap into the phone queue and help with the volume," Sears explains.

Veridian CU handles all calls internally, primarily with its 85-person contact center staff; no call is ever answered by an outside vendor, Stalnaker reports. The CU expands agent availability with overtime and by pulling in trained member service representatives from its 31 branches.

> **"Usually it's some situation at the credit union that causes unexpected spikes."**
>
> – Terri Panhans

"We'll send out an alert to our branches and back-office staff, asking them to hop on if they can, when they can," he explains. "That always gets us help quickly."

The CU also has prerecorded messages for various disruptions that it can activate in a second, or it can record and post new messages on the fly when needed so calling members hear something appropriate right away, he explains.

Veridian CU has just one physical contact center, in Cedar Falls, Iowa, but it has branches spread across Iowa and now eastern Nebraska. They would take calls if something knocked out the contact center, Stalnaker explains.

"We have an emergency response plan in place that provides back-up locations if something like a tornado takes out one of our buildings. We have generators. We have back-up for system failures, both internal and external. But if something knocks out the power grid across the whole upper Midwest, we'd be down too."

CommunityAmerica CU has just over 100 agents in two call centers, fielding about 50,000 calls a month, Schier reports. Both centers are in Kansas City, which is not immune to bad weather.

"We prepare for big snowstorms or tornadoes," he says. "If it's worse than we expected, we rely more on our work-from-home agents, who don't need to travel."

Credit unions may also rely on the support of experienced outsource providers like Harland Clarke to augment support for high-demand time periods. "Call center outsourcing has been around for a long time," Panhans notes, "so we've all had time to learn from past experiences, to mobilize quickly and to adapt as needed to respond in the most effective way."

If it's predictable, "Harland Clarke can help support the institution through the event," Panhans says. "We come in with project plans, task lists with milestones to help ensure we meet a successful go-live date," she explains. "If it's something unexpected, we can still provide support. We've helped clients deal with a lot of unexpected events."

Unexpected events are a real challenge, notes Robyn Andersen, VP responsible for the contact center product at CUES Supplier member CO-OP Financial Services (*co-opfs.org*), Rancho Cucamonga, California. "We encourage our credit unions to let us know what they're working on—so if something goes wrong, we can more quickly respond. That helps us all prepare for the unexpected."

Even unscheduled events like natural disasters can be met with experience. "We know there will be storms every year," Fredette notes. "We just don't know where and when, but we do know how to respond. It's a matter of applying proven solutions at the right time and in the right place and increasing capacity to handle the need." The same pretty much holds true for a variety of unexpected

MORE ON CALL CENTERS

Podcast: Best Practices for Modern Credit Union Contact Centers (*cumanagement.com/podcast70*)

Adding Call Center Context Adds Loyalty (*cumanagement.com/1218adding*)

Making Every Call Count (*cumanagement.com/0918making*)

More Than Just a Call Center (*cumanagement.com/1018more*)

Meeting the *Staffing Challenge*

Staffing a center with skilled, trained, carefully vetted employees who are still affordable, available on-call and who will stay with the credit union is a tall order, acknowledges Alan Stalnaker, manager of the member contact center for $4 billion Veridian Credit Union *veridiancu.org*, Waterloo, Iowa.

That is particularly true in a tight job market like the current one. “You have to offer competitive salaries and good benefits,” he says. “You have to offer opportunities for advancement by training and promoting from within.”

Stalnaker himself started as an entry-level branch rep. So did his predecessor. The credit union’s chief administrative officer started as a high-school intern. “Much of our management started at or close to entry level and the people we hire for call center agents know that,” he notes.

Call centers are labor-intensive, so controlling costs is vital to such a high-volume activity. But so is retention.

“It’s critical to earn a reputation as a good place to work,” observes Robyn Andersen, VP responsible for the contact center product at CUES Supplier member CO-OP Financial Services (*co-opfs.org*), Rancho Cucamonga, California. “The more competitive the job market, the harder you have to work at staying a preferred employer,” she adds.

Retention is particularly important for an organization like CommunityAmerica Credit Union (*communityamerica.com*), Lenexa, Kansas, which relies exclusively on its employees to answer calls. The $3 billion CU uses workforce management tools to be sure that the right people are in the right place at the right time to handle all member calls satisfactorily, explains CUES member Rick Schier, the CU’s chief member officer.

If a CU outsources its call center operations to a vendor, training and retention problems are also outsourced, but the CU still has to be sure that quality and security standards don’t suffer when external agents are engaged. Making external agents suddenly responsible for sensitive member interactions turns off some CU executives, says Terri Panhans, VP of contact center solutions at Harland Clarke (*harlandclarke.com*), San Antonio, Texas. Almost all of Harland Clarke’s clients request that the external agents appear to the member to be internal CU staff as a way to protect the member experience, she reports.

Unitus Community Credit Union (*unitusccu.com*) uses a third-party partner for overflow calls during business hours but has partnered with a local temp agency for its recruitment strategy.

“We like having qualified temps on stand-by,” notes Char Sears, AVP and remote experience manager at the $1.2 billion CU based in Portland, Oregon, “and we work closely with the agency during the selection process. We like seeing good quality people who could be candidates for permanent staff positions when we have openings.”

Temps take several weeks to train and have been a crucial part of the team during high-volume times, she notes. They have to be bondable and pass a background check, she reports. The agency screens them according to criteria set by Unitus Community CU, and then the CU does another layer of due diligence, she adds.

Change is coming, of course. Good people will remain the foundation of an effective call center strategy, Andersen insists. But, she notes, “Activity is starting to shift as self-service channels become more robust and more familiar to members. Almost everybody now has self-serve options, but they make it easy for members to switch to a live agent.”

Virtual agents are coming, she predicts, driven by artificial intelligence and operating through chatbots, email, SMS (short message service) and IVR.

“Today, agents still deal with routine situations,” Andersen concedes, “but in the future, they’ll mostly handle complex or intense situations where high-touch is required.” She doesn’t expect the number of live agents to shrink but predicts they will retrain for different conversations.

events, ranging from CU systems glitches to fires, she adds.

ANTICIPATING THE BIG ONE

But what about a big surprise, something that has never happened before? The scope and danger of disruptions are growing, Sears warns.

"Cyberattacks are becoming more common, and we have to cut them off at the pass when we can," she says. "If a regional electrical grid was knocked out, we have multiple business continuity partners providing redundancies around the U.S. We could flip a switch and activate that. We are also [on] cloud backup, so certain systems could be accessed from anywhere in the world. We will need to continue to look for ways to address redundancies outside the U.S."

Unprecedented cyberattacks are definitely being discussed by executives throughout the credit union industry, including those who manage contact centers, Fredette reports. "Security experts say, 'It's not a matter of if, but when.' It's important for organizations to be prepared for an attack if it comes."

A catastrophic attack doesn't necessarily pose a call-center crisis. Schier remembers well what happened in the call center on Sept. 11, 2001. The phones *stopped* ringing.

"We were staffed, but the phones got quiet. People didn't have banking on their minds. We sat there and watched it on TV monitors we have in our contact center, like everybody else." The Great Recession didn't bring any noticeable increase in calls either, he recalls.

Will artificial intelligence fill the gap some day? Today, when self-service can satisfy the member who is calling, that clearly relieves the strain on live agents. Self-service is already working to some degree for tech-savvy CUs. Communication has to flow, but not all of it has to flow through live agents in a call center, Andersen notes, so a key strategy for dealing with spikes is to consider alternate channels.

Contact center automation is starting to catch on, Fredette reports. "Call volume is still rising in line with increases in membership, but the number of calls per member is starting to go down as self-service gets better," she points out.

As personal interaction gets less frequent, conversations that do occur must drive a deeper CU relationship, Fredette urges. In the near term, AI will make it possible for a live agent to pick up right where an automated interaction with a bot or IVR left off, she predicts.

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

Why Be on *a CUSO Board?*

COMMITTING THE TIME TO COLLABORATE THROUGH CREDIT UNION SERVICE ORGANIZATIONS HELPS CUs COMPETE.

BY SARAH SNELL COOKE

In many ways, credit unions are limited in what they can achieve, either due to regulations, size, sophistication, budget or other factors, but credit union service organizations help level the playing field.

Like CUs, CUSOs need funds and leadership. The funds come from credit unions pooling resources to reach a common goal, whether that's creating back-office efficiencies, generating off-balance sheet revenue or providing a new service to members they couldn't on their own. The leadership comes in large part from credit union executives who serve as CUSO board members.

CU Management had conversations with four credit union executives who make time to serve on CUSO boards. Here is what they said about the value of CUSOs and why they help lead them:

OUR PANEL OF FOUR

By day, CUES member **Keith Sultemeier**, **CIE,** is president/CEO of $4.5 billion Kinecta Federal Credit Union (*kinecta.org*) in Manhattan Beach, California. Outside of the CU, he serves as the chair of CU Direct (*cudirect.com*), a CUES Supplier member based in Ontario, California. Sultemeier says that the CUSO has diversified a great deal since he's been on the board, shifting focus from primarily indirect auto lending to all types of lending.

CUES member **Tim Mislansky**, **CCE,** is the founder and president of myCUmortgage (*mycumortgage.com*), a wholly owned CUSO of $4. 8 billion Wright-Patt Credit Union (*wpcu.coop*) in Beavercreek, Ohio, where Mislansky is also an SVP. Mislansky also serves on the boards of CU Realty Services (*curealty.com*) and CU Student Choice (*studentchoice.org*), in which Wright-Patt CU also has ownership interests.

CUES member **Chuck Purvis, CLE, CUDE, CCE,** is president/CEO of $3.3 billion Coastal Federal Credit Union (*coastal24.com*), Raleigh, N.C., and chair of CUES Supplier member CO-OP Financial Services (*co-opfs.org*), Rancho Cucamonga, California. Known historically as a payment processing company and the parent of

> "CUSOs need two things: They need our capital … and … leadership from their owners. It's not enough just to put a million dollars in a CUSO and hope that works out."
>
> – Chuck Purvis, CLE, CUDE, CCE

shared branching, CO-OP Financial Services has in recent years refocused on technology and data analytics for credit unions to leverage. Purvis is also on the board of Members Development Company (*membersdevelopment.com*), Madison, Wisconsin, a research and development CUSO, and of Coastal Federal Financial Group, one of his CU's CUSOs.

CUES member **Phil Peters**, president/CEO of $73 million First American Credit Union (*firstamerican.org*), is on the board at CU Prodigy (*cuprodigy.com*), Salt Lake City. The core processing CUSO underwent a CEO search last year, naming Brett Weekes to the helm in late 2018. CU Prodigy builds its strategy from the foundation of not-for-profit, cooperative roots of credit unions.

1. WHY ARE CUSOs IMPORTANT TO THE CREDIT UNION COMMUNITY?

Mislansky: CUSOs are crucial to the ongoing success of credit unions, providing unique opportunities outside of what is sometimes available to credit unions. They can be a catalyst for providing products and services that credit unions may not be able to develop on their own.

CUSOs facilitate collaboration to create operating efficiencies and share expenses. Credit unions need to seek out more ways of partnering to better manage the costs of running our businesses. By consolidating back-office operations or other services, members should get a better deal and the credit union should save money.

Credit unions need to find sources for additional net income, and CUSOs help credit unions achieve that goal. Through CUSOs, credit unions can improve their net income by generating additional interest and non-interest income as well as reducing operating expenses through economies of scale. In addition, CUSOs provide credit unions with more control and input over services that might otherwise be outsourced to a third-party vendor.

Finally, credit unions are well-established, somewhat regimented organizations, and tend to be somewhat risk-averse. CUSOs create a more open environment and opportunities for experiments, such as new products or partnering with fintechs, and are typically more entrepreneurial than credit unions.

Purvis: We depend on collaboration among credit unions to be able to compete with institutions that are much, much bigger than we are. Our main competitors here in [Research] Triangle (N.C.) are Bank of America, Wells Fargo, SunTrust and BB&T, which are all more than $200 billion in assets. We depend on collaboration with lots of other credit unions and organizations, like CO-OP, not only to be able to offer the same services those big banks do but to be able to do so at a cost that works for us. CUSOs are becoming the primary vehicle for collaboration among credit unions.

Peters: CUSOs are instrumental in leveling the playing field for credit unions to allow credit unions of all sizes the ability to compete with much larger institutions through the power of collaboration. CUSOs provide the collective monetary and intellectual capital, as well as bargaining leverage, to advance technology, access economies of scale and offer member experience well beyond a credit union's resources. Most importantly, CUSOs are governed and operated by individuals who believe in the credit union movement.

Sultemeier: Credit unions individually often lack the scale to make the investments necessary to compete in an ever more crowded market for financial services. CUSOs can be one of the most effective ways to pool our resources, spread our risk and deliver competitive solutions. CUSOs typically understand how credit unions treat their members and design their processes and service delivery with that in mind. Also, CUSOs answer to credit unions, and their credit union owners have significant influence over the strategies and goals pursued by these companies.

2. WHY DO YOU SERVE ON A CUSO BOARD?

Sultemeier: I think there is a reasonable expectation among credit unions that those who enjoy the benefits of a CUSO's services should be willing to step up and participate in its governance. The CUSOs get real insight into the operations and challenges of the credit unions they are serving, and that's good for the CUSO and the industry. Personally, I enjoy the relationships with other board members and CUSO staff, and the different perspectives that other CU leaders bring to the table. It makes me better at my day job.

Mislansky: Wright-Patt CU seeks to have a board seat for any CUSO we invest in; it's not always possible, but it's certainly desired. When we invest or loan money to a CUSO, we realize that the money belongs to our members and we need to be good stewards. By having a board seat, we can provide significant input into the CUSO's vision, strategy and objectives, as well as fulfill our fiduciary responsibility. Serving on a CUSO board is also great for networking and building relationships with like-minded credit unions.

Purvis: CUSOs need two things: They need our capital, so every CUSO has one or more credit unions that have invested financial capital in the CUSO, and … leadership from their owners. It's not enough just to put a million dollars in a CUSO and hope that works out. I think credit unions that invest in CUSOs also need to invest our talent. And so that's why I think it's important for folks like myself to have the commitment and willingness to go and serve at least for some period of time on CUSO boards.

> **"When we invest or loan money to a CUSO, we realize that the money belongs to our members and we need to be good stewards. By having a board seat, we can provide significant input into the CUSO's vision, strategy and objectives, as well as fulfill our fiduciary responsibility."**
>
> – Tim Mislansky, CCE

Peters: The motto of "people helping people" originally attracted me to the credit union industry more than 17 years ago. I am passionate about serving others and view board participation at a CUSO as a significant way to further advance this mission. It is an honor to support and collaborate with fellow credit union owners in meeting the needs of our members and the communities we serve. We are fortunate to have this unique cooperation in our industry, and I am grateful to be a part of it.

3. WHAT ARE THE PROS AND CONS OF CUSO BOARD SERVICE?

Mislansky: There are many ways to structure a CUSO board. In multi-owned CUSOs, you typically see all or some subset of the owners serve on the board. One variation is when you have credit unions and non-credit unions as owners. Sometimes the non-owners are individuals, perhaps founders, and other times they may be credit union partners and service providers. It's important that the CUSO have a board that is aligned on the common objectives of the CUSO. For example, if you have individuals on the board and credit union representatives, you may have individuals seeking to generate revenue whereas the credit unions want to provide a service. Neither is right or wrong, but it's crucial that the board agree on the objectives.

In the case of wholly owned CUSOs, like myCUmortgage, the credit union determines the makeup and individuals who serve on the board. In our case, we've been purposeful about how we structure the five-person board of myCUmortgage. We require that the president/CEO of the credit union serve as chair of the CUSO board. This creates the linkage between the organizations without creating too much interlock. The four other board members all come from outside Wright-Patt CU and bring us desired expertise or viewpoints.

For example, we have the CEO of one of our client credit unions to represent the views and needs of the credit unions we serve. We also have a local economist on the board, as mortgage lending is so often driven by the interest rates in the economy. We also have a retired CPA who spent his career auditing credit unions, community banks and mortgage lenders. And finally, we have someone from a credit union vendor with deep knowledge of CUSOs. The group's experiences and backgrounds bring us value and expertise that we do not believe would be available with a board comprised of solely credit union executives.

Sultemeier: When credit union CEOs serve on CUSO boards, the interests of credit unions and strategically important vendors are better aligned. It does require an investment of time and mental energy, but I've found it to be a very positive experience.

Many of the same benefits and potential drawbacks seem to apply for credit union directors. I could see directors who bring technical or outside industry experiences with them to a CUSO board being quite valuable in some situations. It is perhaps a lot to ask of a volunteer on top of the considerable time and effort they already give to their credit union. The same can be said for credit union staffers, but it's a great development and relationship building experience.

I think where technical or outside industry expertise is critical, adding an outsider to a CUSO board could be useful. Of course, if outsiders are providing capital, it's not unreasonable for them to expect board representation. I do worry about potential dilution of credit union influence in such situations. There are plenty of examples with vendors in our industry where the interests of their shareholders and/or private equity investors do not necessarily align with those of the credit unions that use their services.

Purvis: The big benefit is you get to have some influence on what the particular CUSO is working on and what it's trying to achieve on behalf of credit unions. I'd say the only negative is time away from the credit union that I represent. And if you happen to get on too many CUSO boards, it becomes pretty burdensome. But, I would argue that the benefits far outweigh the time commitment that we put into it.

Peters: Credit union CEOs have intimate knowledge of what is important for a credit union, its employees and members, which provides some of the insight needed to govern a CUSO. Equally, there are noteworthy connections between CEO board members and CUSO owners that aid in fostering both trust and cooperation. A CEO should also be able to identify any potential misconduct of CUSO personnel and aid in keeping operations safe and sustainable.

There is a risk of a CEO serving on the board of a CUSO based on self-serving intentions, whether that involves invoking a specific agenda that does not serve the collective good of the owners or using the insight of confidential information to the benefit of the individual or individual's credit union.

Directors have the advantage of having both credit union insight and the understanding of board member responsibilities and duties. Additionally, directors will be able to assist similarly to CEOs in the respect to the safety and soundness of the CUSO.

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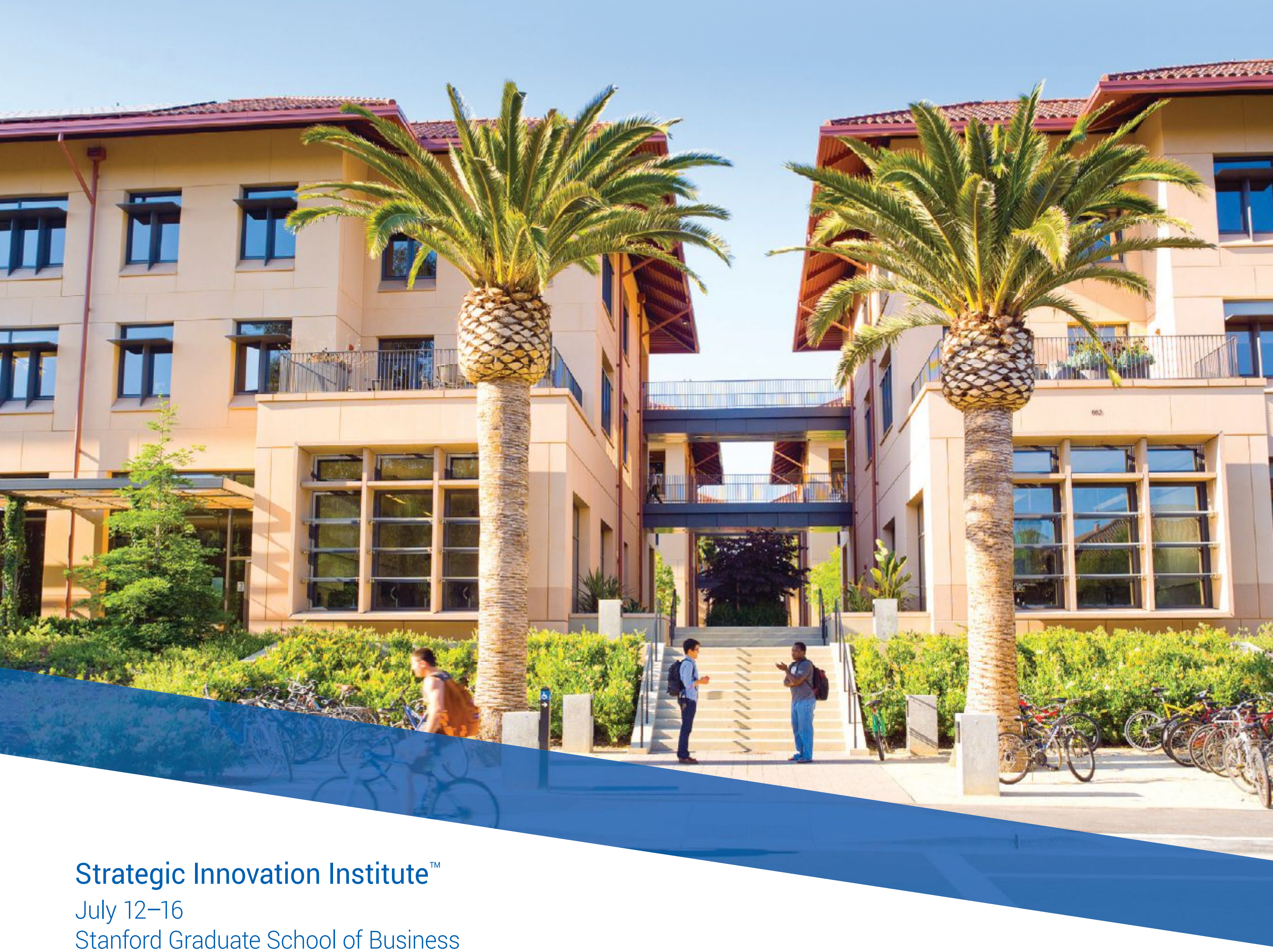

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> "CUSOs provide the collective monetary and intellectual capital, as well as bargaining leverage, to advance technology, access economies of scale and offer member experience well beyond a credit union's resources."
>
> – Phil Peters

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Five Best Practices in CUSO Governance (*cumanagement.com/1119best*)

Using CUSOs to Generate Net Income (*cumanagement.com/0419using*)

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Loan Zone: CUSO Bridges 'Justice Gap' for Texas CU Members (*cumanagement.com/0419loanzone*)

Again, ulterior motives beyond what is important for the collective good of the CUSO and its owners are something to watch.

Diversity is important with any organization, management or function, so having credit union staff serve on CUSO boards could be beneficial. At a CUSO, this is especially helpful in gaining a deeper and more diverse perspective from a variety of end users, which can immediately improve the functionality, design and/or structure of the product or service offering.

As far as outsiders, I truly see diversity as an attribute regardless of the industry or organization. Different industry backgrounds serving on the board may provide untapped perspective on economic, business, service and consumer sentiment beyond the credit union industry. This "outside" perspective could provide tremendous value and a competitive advantage to the CUSO and CU owners.

That being said, credit union perspective is critical in understanding the unique needs of the industry and the members it serves. A CUSO would benefit from outsider insight provided the overall board make-up consists of a majority of directors from credit unions.

4. HOW DOES CUSO SERVICE BEAR OUT THE SIXTH COOPERATIVE PRINCIPLE: 'COOPERATION AMONG COOPERATIVES'?

Peters: As mergers have been and continue to be commonplace in our industry, CUSOs provide a channel for credit unions to gain the resources of a large institution without losing their autonomy and true ability to serve their specific fields of membership.

Beyond that and in general, there is no better form of credit union cooperation than within a CUSO. Credit unions sharing a common bond in both mission and strategic resources, coupled with a collaboration channel, creates the perfect environment for advancement. CUSOs are the best asset to credit unions of all sizes.

Mislansky: When credit unions band together behind a common purpose, they are practicing the sixth cooperative principle of "cooperation among cooperatives." This cooperation gives us more control over our business than having to rely on third-party vendors.

Sultemeier: We are clearly better when we work together. We have more influence, greater efficiency and generally deliver better solutions for our members. Our ability and willingness to work together is one of the things that makes our industry unique. Done right, this can help us compete with large bank competitors that don't typically work and play well together.

Purvis: It's the epitome of that cooperative principle. CUSOs are formed and owned, generally speaking, by a group of credit unions that have a common interest or common need. It's the vehicle through which a group of credit unions collaborate and work together to get some benefit that individually may be hard to achieve. And that's why we're involved in so many CUSOs.

I've felt that credit unions aren't thinking big enough with regard to CUSOs for a long time. The world's getting far more complex and technical. Technology is becoming dominant, and so I think there are a lot of fields where more collaboration and more CUSOs would add some benefits.

There is a new CUSO that we're part of forming called CU Railz (*payrailz.com/curailz*). That CUSO is then investing in a company called Payrailz, Glastonbury, Connecticut, which is building a state-of-the-art payment platform that will replace our bill-payment and various other disconnected payment channels that we have and bring it all into one platform. We have banks investing in it too.

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

Frank Smith

Title: Director, Investment Solutions

Company: CUNA Mutual Group

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Website: cunamutual.com

Tell us a client success story.

The leadership team of $2 billion CAMPUS USA Credit Union, Gainesville, Florida, set objectives during its 2014 strategic planning session that included offsetting a greater portion of the CU's growing obligation for employee benefit costs; establishing a foundation for the CU's charitable giving; and accomplishing both while averaging 10% annual growth in assets for the next five years.

As of halfway through 2019, the CU was three-for-three and going strong. CEO Jerry Benton, CCE, and CFO Jennifer Hunt, both CUES members, credit CUNA Mutual Group's Total Benefits Pre-Funding program and charitable donation accounts with aiding this success.

Before the 2014 strategic planning session, Benton learned about CUNA Mutual Group's employee benefits funding solutions that leverage investments that aren't restricted by the National Credit Union Administration's Part 703 rules.

"We were looking for ways to improve our yield on assets and investments," Benton recalls. "So, we were intrigued that there was an option allowed by NCUA to invest in something we otherwise wouldn't be able to invest in."

Hunt concurs that the time was right to look into new funding sources. "We'd been seeing some of our health insurance costs increasing rather substantially," she adds.

After conferring with CUNA Mutual Group, the board started with a modest $5 million TBPF plan invested in a managed portfolio including a mix of traditionally conservative indexed equities.

Since then, the CU has increased its investment in TBPF, adding a second account in 2019 for a total of about $36 million in assets under management.

The CU also launched a charitable donation account, which can also employ expanded investment options. CUs must donate at least 51% of a CDA's returns to qualified charities at least every five years.

CAMPUS USA CU's CDA assets are now about $6 million. Benton says the CDA doesn't fund all of the CU's charitable donations each year, but does help offset donation costs and reinforce the purpose of the CU's charitable foundation.

That's why CUNA Mutual Group developed an executive benefits program that will effectively help you meet your credit union's leadership continuity needs while supporting your credit union's strategic goals.

Our non-qualified executive benefit plans offer an effective means for credit unions to recruit, retain and reward talented executives and to support succession planning.

Most importantly, we know credit unions. And more than 1,200 of them trust our expertise in executive benefits.[1]

To learn more, visit cunamutual.com/NQDC and download our eBook, or call to schedule a no-cost consultation at 800.356.2644, ext. 665.8576 today.

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Leading *With Integrity*

2019 CUES EXCEPTIONAL LEADER LINH N. DANG, CCE, USES DIVERSE LEADERSHIP STYLES TO ACHIEVE REMARKABLE RESULTS.

BY DIANE FRANKLIN

For Linh N. Dang, CCE, being an exceptional leader means having the ability to adapt her leadership style to the circumstances at hand.

"There are a multitude of leadership styles," says Dang, chief development officer at $2 billion Addition Financial (*additionfi.com*), Lake Mary, Florida. "There's the visionary leader, the transformational leader and the strategic leader, to name a few. Confining oneself to a single style of leadership is unproductive and a bit unrealistic in a dynamic financial industry. I think, as a leader, you have to analyze the situation, ... taking both short- and long-term goals into account."

In her career, Dang has utilized all three of those leadership styles: visionary to set direction and communicate initiatives to motivate her team; transformational to inspire employees to embrace change, such as in the case of a merger; and strategic to address challenges and encourage favorable results.

"A leader needs to balance these various styles to leverage relationships and influence outcomes," Dang contends. But "regardless of which leadership style I apply, I achieve success by leading firmly but fairly and with integrity."

Dang was recently named the 2019 CUES Exceptional Leader. A CUES member since 2009, she deserves the honor not only for what she has achieved, but also for what she inspires others to achieve.

"Linh is a manager with very high standards," says CUES member Nora Rodriguez-Patterson, director of project management. "I've worked with her for 10 years at the credit union, and her expectations of me have always been very clear."

Rodriguez-Patterson started out in the contact center, where Dang was her manager. "What I appreciated about Linh back then was that she was a mentor, but she wasn't a micromanager," she recalls. "She gave me the space to establish my own way of doing things, but she was there when I needed her to give me guidance and input.

That guidance—that mentorship—has been there throughout the 10 years I've worked with her."

NOTEWORTHY ACHIEVEMENTS

In nearly 17 years at Addition Financial, Dang has had many noteworthy achievements. Her most impactful endeavor was leading the rebranding of Addition Financial from its former identity as CFE Federal Credit Union. Dang proposed a name change at a time when CUES member and CEO Kevin Miller, CCE, was leading the charge to convert to a state charter. "I said to the board that, since we had to remove the word 'federal' regardless, this would be the perfect time to revisit our name," she recalls.

Dang pointed out that the CFE acronym—which stood for Central Florida Educators—was limiting the organization's potential for growth both geographically and from a field-of-membership perspective. She admits to some trepidation in suggesting the elimination of the CFE initials, given the CU's strong roots in the education field, but the board gave the go-ahead to explore her proposal.

From there, Dang headed a credit union-wide initiative, which culminated in the rollout of the Addition Financial name in May 2019. "It was a two-year journey, with all of us working as a team to introduce our new name and our new brand," she reports.

Under its new state charter, Addition Financial is expanding from its original four counties to 22 counties. This provides much potential for growth,

"Collaboration ... promotes healthy employee relationships where differences are valued."

– Linh N. Dang

but Dang stresses, "We're not going to grow for the sake of growing. It's going to be managed growth, achieved strategically, as we move beyond the counties where we have a presence today."

WELL-ROUNDED EXPERIENCE

Addition Financial is the third CU on Dang's resume. After graduating from the University of Central Florida with a bachelor's degree in accounting in 1993, she worked briefly at Orange County Public Schools before taking an accounting job with $29 million Gulf States Credit Union (*gulfstatescu.org*) in Maitland, Florida. "That was the beginning of 25 wonderful years in this industry," she reports.

Three years at Gulf States CU were followed by five years at Seminole Schools Federal Credit Union where Dang rose to VP/operations before departing for Addition Financial. Several years later, Dang would spearhead a merger that brought $38 million Seminole Schools FCU into the Addition Financial fold, even serving as interim CEO for her former credit union to facilitate the transition.

Dang's first position at Addition Financial was director of member services, responsible for the CU's 10 branches and contact center. (The organization has since grown to 24 branches, with more on the way.) One of her first tasks in that job was to determine why the organization had never met its 90% member satisfaction goal.

"This is where my analytical side came into play," recalls Dang, who used phone-based and in-person mystery shopping to identify service deficiencies. "We discovered there were three simple things that were being commonly missed—establish eye contact, smile and ask, 'How can I help you?'"

Once those oversights were rectified, the improvement was immediate. "In my first year, and for the first time ever in the organization, we met our membership satisfaction goal with 93%," Dang reports.

Another corrective measure occurred in 2006 in response to the lackluster results of Addition Financial's credit life and disability insurance program. Dang, who by this time was VP/member services, turned to CUESolutions platinum provider CUNA Mutual Group, Madison, Wisconsin, for assistance, using the company's Lender Development Program (*cunamutual.com/LenderDevelopmentProgram*) to facilitate training, mentoring, coaching and data tracking.

With the aid of these tools, employees were able to up their game and achieve 100% improvement in CLDI sales results. "That was a testament of how an employee-centered culture with effective communication can promote employee performance and excellence," Dang says.

Dang earned her MBA from Rollins College in 2010, which propelled her into increasingly higher roles at the CU: SVP/member services and special projects, SVP/projects and electronic services, and finally chief development officer in 2017.

In this role, Dang oversees project management while also being responsible for marketing, community engagement, leadership and talent development. "I've been blessed to work in multiple areas, learning many different aspects of the credit union," Dang says. "That's what I love about this job—it's given me well-rounded experience."

A COMMITMENT TO YOUTH

The youngest of eight children, Dang was born in Vietnam. Her family moved to the U.S. when she was 5 years old. Her husband, Steve Vo, is the oldest of nine children. Together, they have two daughters—Ashley, a sophomore at UCF, and Linsey, a high school sophomore—as well as 33 nieces and nephews, and 13 great-nieces and great-nephews.

As such, it's no surprise Dang is strongly committed to furthering youth and education-related causes. Under her leadership, Addition Financial launched a student-led high school branch program to provide real-world financial experience to young people. Currently there are nine such branches, with plans to increase that number next year.

"We've always had a big focus on youth because of our strong relationship with the school system," Dang reports. In keeping with this focus, the CU has introduced several youth-oriented programs. One example is Fun Bucks (*tinyurl.com/additionfunbucks*), which encourages students to save by offering incentives of up to $100 per quarter.

Dang also serves on the boards of Junior Achievement of Central Florida, Valencia College Foundation and UCF Alumni. She is equally committed to advancing opportunities for women as exemplified by her involvement in the Global Women Leadership Network (*cuwomen.org*), serving as co-chair of the Florida chapter.

EMBRACING COLLABORATION

One important lesson that Dang has learned in her career is the impact of working collaboratively with others. As a leader, she strives to ensure that her team likewise sees the value in collaboration as a means of achieving success.

"Collaboration tears down siloes and promotes healthy employee relationships where differences are valued, encouraged and supported," she says. "Having a variety of knowledge and skills on a team creates a pool that is vast, more competent and more experienced. Different backgrounds serve to leverage each other's strengths and support each other's weaknesses. The end result is not just a balanced team but an elevated team."

Based in Missouri, **Diane Franklin** *is a longtime contributor to* Credit Union Management *magazine.*

MORE ON EXCEPTIONAL LEADERS

Up to the Challenge (*cumanagement.com/1119challenge*)

Dedicated to Excellence (*cumanagement.com/1117dedicated*)

Support Career Success With Mentoring (*cumanagement.com/0218support*)

CUES CEO Institute Program (*cues.org/events*)

Putting Your *Best Foot Forward*

CREDIT UNIONS ARE BECOMING INCREASINGLY VISIBLE ON SOCIAL MEDIA. SHOULD CU LEADERS FOLLOW SUIT?

BY LIN GRENSING-POPHAL, SPHR

Whether sharing photos on Instagram, connecting with friends on Facebook, building a network on LinkedIn or following trending topics on Twitter, business organizations are actively present across the wide range of social media channels. Individual professionals are also increasingly creating public-facing social media accounts to build their personal brand, share expertise and forge new professional and community contacts.

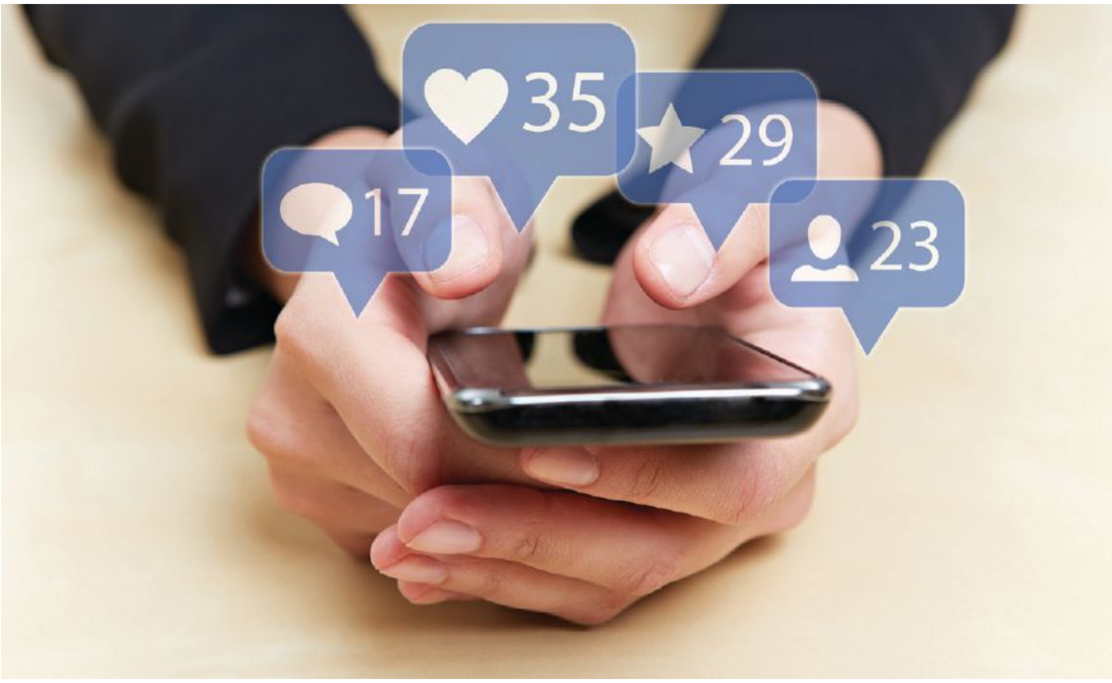
But should they be? While credit unions certainly want to have a presence on social media to connect and engage with members, should CEOs or other senior leaders share their own profiles and manage personal networks as well? It's a good question without an easy answer. Credit unions will need to respond to this issue with consideration for their membership base, their communities at large and their unique mission, vision, values and purpose. Here we take a look at what some organizations are doing, some best practices and some potential warnings for wading too deeply—and too quickly—into the shifting sands of social media.

WHY EMBRACE SOCIAL MEDIA?

While "everybody" isn't on social media—despite its widespread presence in most of our lives—a lot of people are. Pew Research tracks social media participation and adoption across generations (*tinyurl.com/pewsocialgenerations*). It is probably no surprise that the research indicates a high percentage of millennials (86%) are engaged in social media. However, despite common wisdom to the contrary, older generations are also becoming engaged: 53% of Gen X, 52% of baby boomers, and 33% of the silent generation (those born between 1925 and 1945) are active on social media channels.

Your competitors are likely active as well. Wells Fargo, for instance, uses Facebook, LinkedIn, Instagram, Pinterest and Twitter. Associated Bank is on Facebook, Twitter, Instagram, LinkedIn and YouTube.

Credit unions, too, are widely represented on social media. For instance, $100 billion Navy Federal Credit Union (*navyfederal.org*), Vienna, Virginia, is on Facebook, LinkedIn, Twitter, Instagram and YouTube (*cumanagement.com/0919build*). Smaller CUs are also reaping the benefits of engaging with members and communities online.



If you're not involved in social media today, chances are you don't exist, at least in the minds of digital consumers. But while many credit union social media channels are carefully managed by marketing communication staff, CU leaders can also use these tools to engage with colleagues, members, local communities and other important audiences.

CREDIT UNION LEADERS GOING SOCIAL

Tiffany McEachern is a social media specialist with CUES Supplier member PSCU (*pscu.com*), a credit union service organization based in St. Petersburg, Florida. "Credit unions should absolutely encourage leaders to be the face of the organization for several reasons," says McEachern. The biggest, she says, is that "it humanizes the credit union." Consumers are most likely to engage with other people, not businesses or organizations. "Content that includes employees, whether it be the CEO or any other employee, is always one of the highest types of performing content for credit unions," she adds.

Ronaldo Hardy, CUDE, is a prime example of creating such engagement. He's active on Twitter (*twitter.com/ronaldohardy*), Facebook (*facebook.com/ronaldohardy*) and Instagram (*instagram.com/ronaldohardy*), and also has a presence on LinkedIn (*linkedin.com/in/ronaldohardy*). Until recently, Hardy led $1 million Southwest Louisiana Federal Credit Union (with 50 FTEs) as president/CEO for about eight years, including his time as president/CEO of Shell Geismar FCU before it was acquired by Southwest Louisiana FCU. He is now embarking on another journey within the CU movement: leading CU Strategic Planning (*creditunionstrategicplanning.com*), Tacoma, Washington, as the firm's chief diversity and inclusion officer. Hardy is a mission-driven leader who uses social media to share his mission and deep expertise.

Hardy creates his own content and manages his own social media channels. "Everything that's posted on social media is something that I do myself, at least for now," he says, noting that he hasn't found his social media endeavors to be a particularly taxing time commitment. He's developed a strategy for posting that does not consume an enormous amount of time but allows him to remain visible and engaged.

The effort hasn't been without challenges, however. For example, "How do I create synergy in all that I do so that, from a social media perspective, I'm telling a complete story?" Hardy asks. With this in mind, he has worked hard to develop an integrated and consistent presence across all of his social channels—bringing together his credit union work with his roles as a pastor, husband and father and his passion for making a difference.

Hardy is likely one of a small segment of credit union CEOs who personally manage their own social media. Other credit union leaders take a different approach.

CUES member Carl Casper is EVP/chief operating officer with $689 million, 60,000-member Connex Credit Union (*connexcu.org*), North Haven, Connecticut. "It's great for followers of your social media pages to see the faces of the organization's leaders from time to time in posts, as this builds familiarity with who the leadership is," says Casper. But, he adds, "they don't necessarily have to be *the* face of the company on social media." Connex CU focuses on posting about community efforts and fun behind-the-scenes activities with staff, which usually includes credit union leaders. "We always see increased engagement with these types of photos," he says.

The rewards of social media engagement, says Casper, "include being able to communicate quickly with members and followers if you need to get an important message out and solidifying your brand as a trusted source with the content you post." It's an extension of who are you, he says, "much like your website."

A BALANCED APPROACH

At $1.2 billion Hiway Federal Credit Union (*hiway.org*), St. Paul, Minnesota, VP/Marketing Tara Graff and her staff help to manage the CU's social media presence. Having an individual—or entire department—focus on messaging across all channels is a good way to ensure consistency, brand alignment and a unified voice, she says.

That centralized management, oversight by someone with expertise not only in communication but in social media specifically, also is the recommendation of Steven Shapiro, a corporate attorney with Culhane Meadows (*culhanemeadows.com*), Dallas, whose practice includes a focus on social media and banking. "I'm

Social Media *Policies*

Because of the potential for something an employee posts to reflect negatively on your credit union, it's important to have policies to guide staff use of social media on behalf of your organization. It's really no different than other policies you might have already have in place that outline which employees can—and how they should—represent your CU to the public. Here are some tips for establishing policies to guide CU leadership and employee interactions online:

- Reference the need for employees to also follow "all other applicable policies"—including policies for acting or speaking on behalf of the credit union; use of company property; sharing of confidential or proprietary information, etc.
- Clearly state what is, and is not, acceptable. Don't assume that your staff will know what is and is not appropriate; be explicit. But also be sure not to violate any National Labor Relations Board requirements or regulations (*tinyurl.com/y4u3gocs*).
- Prohibit the posting or sharing of intimidating or harassing material.
- Indicate when approval may be needed before posting on behalf of the credit union.
- Review and update regularly—and ask employees to review and indicate their understanding of the policy regularly.
- Have an attorney review your policy before publishing.

Finally, take a cue from some large and highly engaged organizations that have created policies and practices aimed toward leveraging the benefits and minimizing the risks of social media. Here are some great examples that can be found online.

- Best Buy: *tinyurl.com/bestbuysocialpolicy*
- IBM: *tinyurl.com/ibmsocialguidelines*
- Mayo Clinic: *tinyurl.com/mayosocialguidelines*

"It's great for followers ... to see the faces of the organization's leaders from time to time in posts, as this builds familiarity."

– Carl Casper

MORE ON SOCIAL MEDIA

PR Insight: Community Engagement Is Just the Beginning *(cumanagement.com/1019prinsight)*

Build Your Credit Union's Social Media Brand *(cumanagement.com/0919build)*

Tips for Social Media Management *(cumanagement.com/0819tips)*

PR Insight: Using Social Media to Connect With Members & Reach New Ones *(cumanagement.com/0919prinsight)*

in the camp that sees more risks than advantages," he says. While he acknowledges benefits of social media—such as connecting with younger audiences, the ability to get messages directly to an audience quickly and to reach more people than has generally been possible through traditional media—the risks, particularly for those in senior leadership positions, can be significant.

Financial institutions, in particular, are prone to more risks simply by virtue of being part of a regulated industry. "Remember, social media posts, comments, etc., are most likely public statements," Shapiro notes. CUs should be wary of triggering regulatory scrutiny with public statements that could be viewed as inconsistent with statements previously made to regulators.

Senior leaders also have to consider both personal and professional risks to their own reputations and careers, plus the potential impact of their actions (or inaction) on the credit union brand.

"To the extent that the business is associated with the leaders, it means the brand is affected as well," says Shapiro. "That's very important." And, given the nature of social media—which is fast and often furious—one push of a button is all it may take to bring down a brand. Once your message is out there, it's out there for good. Even "deleting" a message provides little protection once it's been shared and taken on legs of its own across cyberspace.

Having a social media presence does open credit unions—and their leaders—up to some risk, Casper agrees. "The risks are having members vent on your page about a situation they are upset about, even when the action taken by us was justified," he says. When this occurs, he says, it's important to manage the interaction carefully. "You do *not* want to engage in a public argument on social media," Casper says. Instead, he recommends, "try to take the conversation offline or let the member know you'll message them privately to discuss."

"There are professionals that do this," adds Shapiro. "I would rely on them."

BEST PRACTICES

One of the biggest challenges of becoming and remaining engaged with an audience on social media is the amount of time it can take. For those CEOs and senior leaders who are committed to having a personal presence and managing it themselves, McEachern suggests LinkedIn as the best option. "Unlike Twitter, which is very fast-paced and requires more time and effort, LinkedIn profiles are relatively easy to maintain," she says. Even sharing content once a week can be enough to have an active presence.

LinkedIn is also a more comfortable channel for individual professionals. CEOs and senior leaders can benefit from the connections they make on LinkedIn as well as the industry knowledge shared both in posts and discussions in LinkedIn groups.

"LinkedIn is a great entry point for business leaders," says Graff. "There's a lot of really great articles being written and a lot of specific industry groups and discussions that they can be a part of."

The idea of having a social media presence as an organization versus individuals is more of a balance than an either/or proposition, adds Graff, who says that she works closely with Hiway FCU's CEO Dave Boden to plan communications and ensure that efforts aren't duplicated and messages aren't contradictory. Boden regularly appears alongside his team on the CU's social media pages and also posts about community events on his own Twitter account, such as this tweet promoting a cookout hosted by Hiway FCU in support of Gillette Children's Specialty Healthcare (*tinyurl.com/yy5amtc6*).

While leadership should certainly be involved in a CU's social media strategy, another consideration when determining if CEOs should be put forward as the "face of the credit union," Graff notes, is that turnover at the top does occur. "There's always a danger in putting too much brand equity into one person—they could move on." Still, she says, "I think the upside of being able to show that authenticity is worth a little bit of risk." At Hiway FCU, "our CEO, and certainly our senior leadership, are an extension of our brand, so I do think the right use of social media could help with showing that we are relatable and that we're accessible. There are a lot of great conversations that can happen out there."

Lin Grensing-Pophal, SPHR, *is a freelance writer and human resource management and marketing communication consultant in Chippewa Falls, Wisconsin. She is the author of* The Everything Guide to Customer Engagement *(Adams Media, 2014) and* Human Resource Essentials *(SHRM, 2010).*

CUES SUPPLIER MEMBER SPOTLIGHT

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Website: experian.com/creditunions

What are the top issues for credit unions today?

1. Growing deposits & members. There are credit unions with very high loan-to-share ratios, underscoring the need for more deposits to fuel loan growth. Membership growth is also a hot topic, especially for the mid-tier and smaller credit unions. They have great data on their members, but they need additional data to create relevant and timely offers.

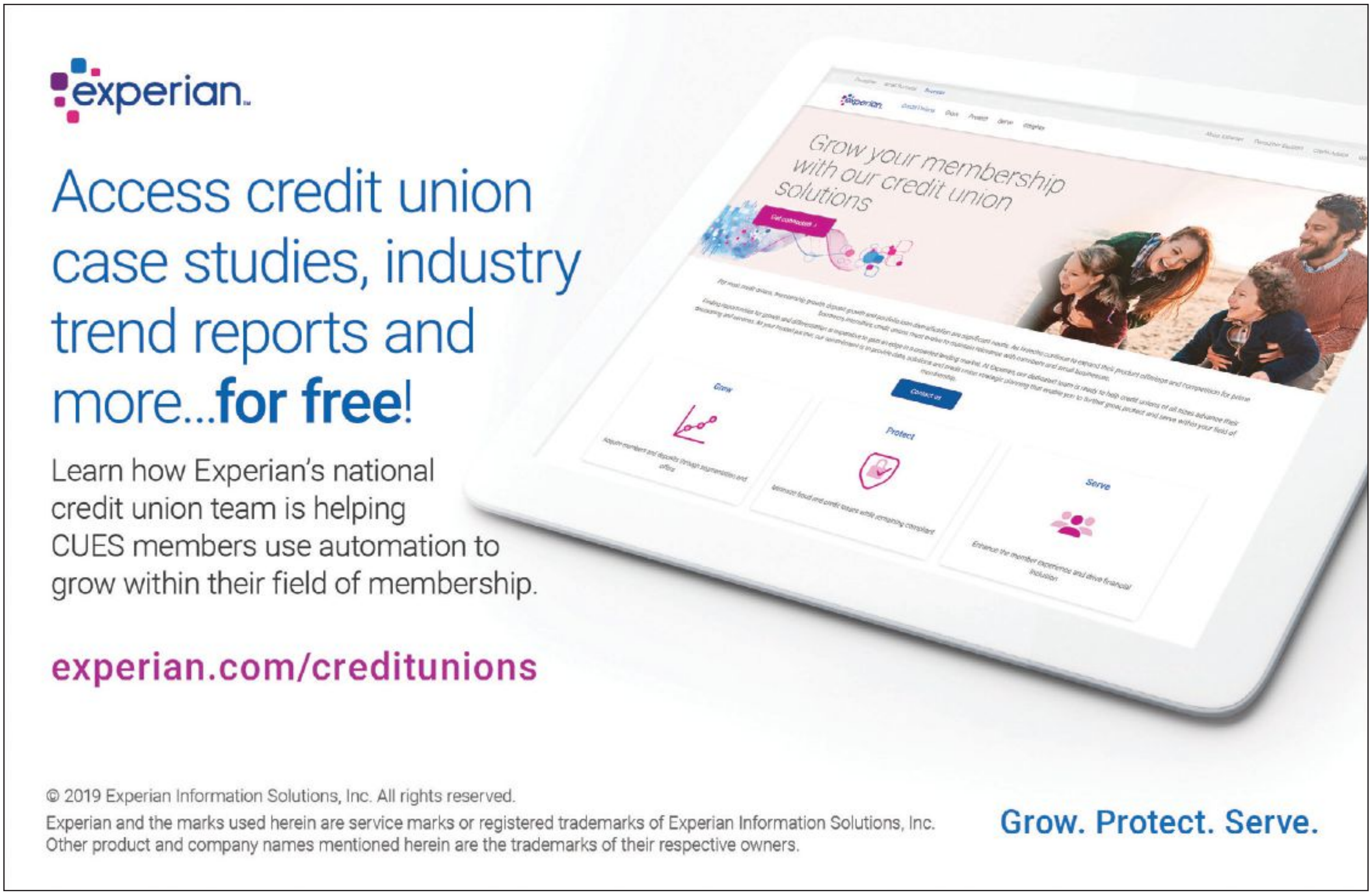
2. Increasing speed of decisions. We live in the Amazon era where speed wins. Consumers expect decisions in minutes not days. Today, credit unions manually review a high percentage of their loans. To compete with fintechs and large banks, they must increase the percentage they auto-approve (or decline) based on their underwriting criteria. Great rates won't win if there is friction. There is no trophy for coming in second on a loan.

Tell us about a client success story

The client: The second largest CU in Washington, $3.2 billion WSECU (*wsecu.org*), Olympia, wanted to digitalize its credit decisioning and prequal process through its new online banking platform. It also wanted to foster credit education by providing members real-time credit scores at the point of prequalification.

The action: We partnered with WSECU to implement advanced prequalification through our Decisioning-as-a-Service℠ (*tinyurl.com/experiandaas*). This was integrated into the system and generated leads from members and potential members through digital channels. WSECU was also able to provide real-time credit scores at the point of member application.

The result: WSECU saw a 25% increase in loan and credit applications through digital channels in just three months. Member satisfaction increased, with 90% finding the process to be faster and more efficient.



Coming Together *for the Common Good*

CONSIDER MULTIPLE PERSPECTIVES AND BUILD CONSENSUS—NOT UNANIMITY—TO ENSURE YOUR CU IS MAKING GOOD DECISIONS.

BY MICHAEL G. DAIGNEAULT, CCD, AND JENNIE BODEN

If you Google "decision-making," we think you'll be amazed at what comes up in the search results: "The Top 5 Decision-Making Models You Need to Know," "Models of Decision-Making: Rational, Administrative and Retrospective Decision-Making Models," the "Most Popular Decision-Making Models," and even "Decision-Making Models of Decision-Making." And the list goes on.

Wouldn't it be wonderful if there was a simple, no-fuss, one-size-fits-all model that we as leaders of our credit unions could apply—be it in the boardroom or in the halls of our CUs' administrative offices—that could assure us that we were making the right decisions? Wouldn't it be nice to know we're making the best decisions that always put our members' interests first while delivering the most effective outcomes for our credit unions? Unfortunately, it's not that easy.

A former colleague from what was then the Ethics Resource Center, a Washington, D.C., think tank and consultancy, used to say that decisions are the hardest when there are two competing values at play. And we think he's right. It's easy to make good decisions when the options are black and white, good and bad, positive and negative. Should you merge with the larger, more solvent credit union when yours is hours away from shutting its doors? Is the core conversion a go when you have the funds to switch and your current system is on its last legs? Should you promote the current VP/finance to CFO when she's fully capable, has the requisite skills, the backing of the board, a great relationship with you (the CEO) and the trust of senior management? It's easy to see how you can quickly get to "yes" on these questions and many others.

But when you and your colleagues are in the boardroom—or managing your credit union from the C-suite—how do you make decisions when

Perhaps the most important job of board members and senior management alike is to ask questions that lead to not only expeditious decision-making but the *right* decisions.

the questions are not as clear? What do you do when there are two important, competing values at play?

How does a credit union decide between "serving member interests" and "ensuring the financial safety and soundness of the credit union?" How do you balance the credit union's ongoing health and meaningful outreach in the community?

COMMIT TO HAVING THE HARD CONVERSATION

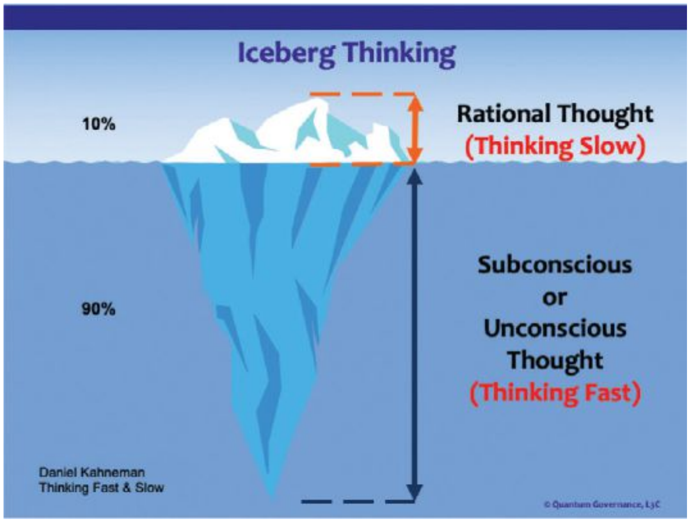
First and foremost, begin by committing to having the hard conversations that you need to have in both the boardroom and the C-suite. While researching for the soon-to-be-released *2020 State of Credit Union Governance* report, we found that more than a third of respondents said their boards do only an adequate or less-than-adequate job of asking the hard questions that need to be asked. And yet, the same study found that boards report overwhelmingly that they are "making quality decisions." How can this be?

Fundamental to effective decision-making is ensuring that, as credit union leaders, you are upping your game in terms of asking hard questions. What do we mean by "hard questions?" Perhaps the most important job of board members and senior management alike is to ask questions that lead to not only expeditious decision-making but the *right* decisions for the credit union and ultimately for members. If you fail to do so, you're not living up to your role and responsibility—either as a volunteer or as a paid leader of your credit union.

Being open and inviting multiple perspectives into difficult conversations is critical to decision-making. It's vital to ensure that every voice in the room is heard. Remember, that your credit union is a nonprofit governed by a board of directors, not a privately owned company led by a chairman/CEO. By design, the strength of a cooperative leadership structure comes from the chorus of voices that governs it—even though at times it may be cumbersome. (Remember cooperative principle No. 2, democratic member control? Read about it at *cumanagement.com/0912democratic*.)

BE CONSCIOUS OF UNCONSCIOUS THOUGHT

Daniel Kahneman is an Israeli-American psychologist and economist who won a Nobel prize for his work on judgment and decision-making, much of it outlined in his book *Thinking, Fast and Slow*. In the book, Kahneman suggests that for the most part, individuals spend about 90% of their time "thinking fast," or motivated by subconscious or unconscious thought, and only 10% of their time "thinking slow," or motivated by rational or conscious thought.



What does this have to do with the decisions coming before your credit union's board and senior management? Well, everything.

It means that everyone in the boardroom or in the C-suite is coming to the table with their own biases, and they are largely subconscious. And these decision-makers are, believe it or not, largely driven by those biases.

Remember that discussion that you had about moving away from brick and mortar? Or the presentation that your CEO and her team made to the board on that potential merger? What about the discussions you've been having in executive session about the CEO's variable pay? All of these discussions and more are being seen through different lenses by various board members and senior leaders.

A board member who believes in high-touch customer service and relishes the personal connection with the tellers in his local branch will forever believe that brick and mortar is the way to go. Legacy board members may be deeply concerned about what a merger might mean for their own board positions. And finally, the executive director at the homeless shelter who serves on your board will likely find the CEO's pay enviable and maybe even too generous, regardless of performance. Remember, these perspectives—even if they are unconscious—are always at play, and they have an impact on each and every meeting and in each and every conversation, whether we want to believe it or not.

BE CLEAR ABOUT WHAT CONSENSUS MEANS ... AND WHAT IT DOESN'T

Another critical component to effective decision-making is to understand the concept of consensus as it is designed to operate in the credit union boardroom. (See *cumanagement.com/1116consensus*.) The reality is that a significant number of credit union leaders still believe that consensus exists only when everyone is in complete agreement—what some would term "absolute consensus" or simply "unanimity." Sure, it feels great when we can all agree with a motion or proposal. And yes, sometimes a thoughtful compromise is the best course. But absolute consensus or unanimity—while desirable or comforting

MORE ON DECISION-MAKING

Good Governance: Defining Consensus (*cumanagement.com/1116goodgovernance*)

Driving Good Decisions (*cumanagement.com/1119driving*)

Decision-Making in the Gray Area (*cumanagement.com/0617gray*)

Be Prepared To Pivot From Your First Decision (*cumanagement.com/050718skybox*)

CUES Governance Leadership Institute™ June 7-10, Toronto (*cues.org/gli*)

Quantum Governance (*cues.org/qg*)

at times—is not necessary to make good decisions in the boardroom. Indeed, there are even times when insistence on unanimity may cause a proposal or initiative to become a mere shell of what it once was. If meaningful changes are made just to satisfy one or two hold-out votes, an initiative may become so modified or watered-down that it may no longer add the significant value that the original proposal offered.

What, then, is an appropriate degree of consensus in the boardroom?

Merriam-Webster defines it as "a general agreement about something." Note the word "general." It involves coming to an agreement to support a decision that is in the *best interest of the whole*. The process of coming to consensus is designed to afford everyone an opportunity to share their thoughts and opinions about the subject at hand. Yep, there it is again—genuinely hearing everyone's voice.

Consensus in the boardroom, therefore, does not require unanimity. What it does require is you and your colleagues asking the hard questions, challenging your values, raising your subconscious thinking to the conscious level and coming to a decision that is in the best interest of the whole. Not everyone may agree when you come to a consensus, but if you have a quorum, a majority of those voting on the matter are generally considered a consensus on regular matters coming before the board. (Note that the Federal Credit Union Bylaws *tinyurl.com/ncuafedbylaws*, published by the National Credit Union Administration include only a simple majority—50% plus one voting member for a motion to pass.) And remember, once the final vote is taken on a matter, the decision has been made. The entire board is now expected to speak with one voice ... even if you were one of the members voting against the motion.

BE TRANSPARENT ABOUT YOUR DECISION-MAKING

We end where we began, by sharing a lesson from our days at the Ethics Resource Center. We had the good fortune to work with a select group of researchers—ethics officers at Fortune 500 companies, consultants and practitioners from around the nation—in a program we developed called the ERC Fellows Program. Together, we took on leading questions and issues in the field of business ethics. One such question was, "What makes for an ethical leader?"

Surprisingly enough, our research led us back to decision-making.

We found that regardless of how ethical the leader was as an individual, in order to be seen as an ethical leader, the individual's decision-making process needed to be seen as one that had integrity. Our research with the Ethics Resource Center offered four key recommendations on the notion of ethical decision-making and ethical leadership:

1. When announcing critical decisions, be certain to acknowledge the ethical issues (competing values or even subconscious thinking) inherent in the situation being addressed and how the proposed solution (the decision) addresses those ethical issues.
2. When discussing the ethics of key decisions, publicly acknowledge the difficulty of resolving such dilemmas and challenges and your awareness of the fact that ethical people could reasonably disagree on how best to resolve the dilemma. (Remember, you and your colleagues will prioritize different values, and this is where subconscious thinking will emerge!)
3. Insist that your direct reports (or for boards, the CEO and senior management) talk you through the ethics of their decisions for review and/or approval at the same level of detail they discuss other business considerations. (But do so without micromanaging the CEO/senior management!)
4. Ensure that leaders understand their impact on the organization's culture and how their attention or inattention to the ethical dimension of their choices impacts the organization's culture.

Given the unique role of credit union leaders as stewards of their members' funds, we believe the role of the credit union leader—be they volunteer or paid—as effective decision-makers is paramount. Have the courage to ask the hard questions. Engage all of the voices in your boardrooms, volunteers and senior management alike. Be conscious of both rational *and* subconscious thought. Know what consensus really means and what it doesn't. And be clear about the decisions you make—all for the betterment of your members.

Michael Daigneault, CCD, *is the CEO of Quantum Governance L3C* (quantumgovernance.net)*, Herndon, Virginia, CUES' strategic provider for governance services. Daigneault has more than 30 years of experience in the field of governance, management, strategy, planning and facilitation, and served as an Executive in Residence at CUES Governance Leadership Institute* (cues.org/gli)*.*

Jennie Boden *serves as the firm's managing director of strategic relationships and a senior consultant. She has 25-plus years of experience in the national nonprofit sector and served as the chief staff officer for two nonprofits before coming to Quantum Governance.*

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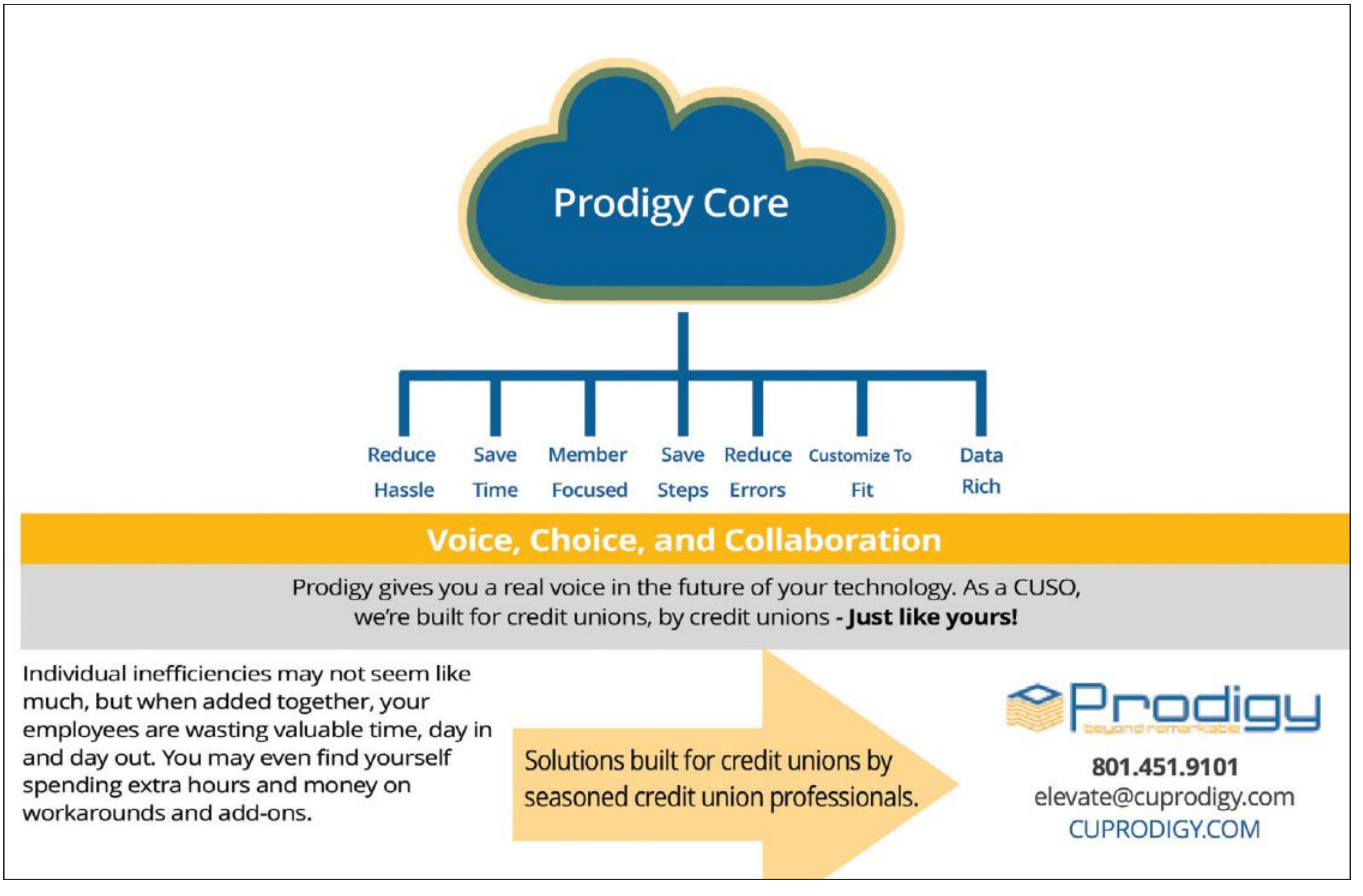
Credit unions worry about keeping up with the cost and pace of technology. They also put a lot of effort into ensuring technology provides their members a clean, intuitive digital experience that matches the high level of service members receive in branch.



The *X Factors*

HOW PROVIDING A CONSISTENT MEMBER EXPERIENCE LEADS TO GROWTH

BY BRYN C. CONWAY, MBA, CUDE

I admit, I was a huge fan of the ’90s cult classic television show “The X-Files” and its two lead agents, Dana Scully and Fox Mulder. Uniting their strengths of science and gut instinct, Scully and Mulder would, week after week, thwart assumptions to reveal that the “truth is out there.”

If you are a growth-minded credit union, you should be on your own search for the truth and specifically looking for the X-factors that will deliver results. In this case, X stands for experience. There is an emerging trend of having CXOs (chief experience officers) on the executive team at financial institutions and many other growing companies for good reason. Consumers today are looking for personal and memorable experiences that will keep them coming back to your organization time and time again.

The masters of retail—think Apple, Disney, Ritz Carlton and Zappos—know that what matters is not simply serving their customers but providing an experience. Service is inherently transactional or reactionary in nature, such as doing what is asked or fixing a problem after it has occurred. To provide an experience, however, is to make an interaction personal and memorable for the customer by anticipating needs and proactively recognizing an opportunity. Good experiences can foster a long-term relationship with a customer based on engagement, which leads to loyalty.

Not only have consumers come to expect and seek out an experience in their interactions with companies, they simply won’t tolerate a bad one. A study entitled “Customer Experience Matters” (*youtu.be/RmWLo0Trl8I*) found that customers who have a great experience are nine times more likely to recommend, eight times more likely to trust and seven times more likely to forgive, buy again and try new offerings. In addition, an Oracle study (*tinyurl.com/y8tzl3rd*) links the customer experience to loyalty, with 74% of respondents saying experience impacts their ability to be loyal, 40% saying they are willing to pay more for a better experience and 59% saying they are switching brands due to just one poor experience. For those that don’t run to the competition after one bad experience, 39% will decrease their spending and 17% will stop spending all together.

There is good news in the numbers for experience-focused companies. A study of 27,000 consumers (*tinyurl.com/y9co8m57*) across 14 industries found that companies with a customer experience focus achieve a 20% increase in customer satisfaction, up to a 15% increase in revenue and as much as a 20% decrease in cost. In other words, providing an exceptional experience leads to growth.

Like the X-Files agents, credit unions need to examine the science behind experience. Channel your inner Scully or Mulder and recognize that, if growth is the goal, delivering a consistent member experience is the answer. Here are the four X-factors of experience-minded companies that will help your credit union transition from a service provider to an experience creator.

X-FACTOR 1: CHANGE YOUR POV

Credit unions are inherently internally focused. Great thought and care go into policies, procedures and daily transactions. However, it’s a struggle seeing past *what* is done every day to the more important question of *how* you are doing it. It’s time to change your point of view to be member-centric, looking from the outside in, rather than the inside out. When was the last time you actually stopped and observed the experience at your credit union to open an account, get a loan or become a member? When did you most recently experience your credit union through the eyes of the member rather than that of an executive?

Changing your point of view means understanding what your members want and understanding the journey they need to take to get it. Shift the focus from your products to your members' needs. For example, the credit union view is to get the member to finance a car, but the member's need is to have a car that can get his or her family safely from point A to point B. The car is what is important to the member; who finances it matters little. The same perception applies to a mortgage. No member wants a mortgage—what they want is a home.

Prioritize your member journeys. Identify what is most important to becoming (and staying) a member and increasing their trust in you as a provider. Start with what matters most: becoming a member, applying for a loan and opening an account. Map three to five member journeys through those processes. Figure out where there are gaps, how to improve and how to develop solutions to meet currently unmet needs. Review your policies and procedures on the member journey, in every channel and from the members' perspective.

Amazon believes you shouldn't just listen to your customers but should understand them (*tinyurl.com/nrgnkos*). All employees, managers included, should be able to work in a call center, and Amazon managers do just that for two days each year. Everyone gets into the trenches to fulfill orders and understand the experience of buying, returning and exchanging. By doing this, all employees learn how important the customer point of view is to their business, and it allows the company to identify the pain points, the gaps and the "Oh, man, I didn't think it worked like that" parts of the process.

One way to do this at your CU is to use your employees to uncover opportunities in your experiences. Take time during new employee orientation to have your employees "try on" your credit union. Give them time to open accounts, download the member app, even apply for membership or a loan. Make sure they understand the member experience and invite them to tell you how to make it better. Also, invite longtime employees to get to know your new products and services. Have employees outside the project team get involved with the rollout and help frame the member interaction. Your employees will enjoy being part of the process and will be better equipped to make recommendations and answer member questions.

X-FACTOR 2: ORGANIZE AROUND MEMBER EXPERIENCE

The commitment to create and improve member experience is one that must be made across your credit union. From the C-suite to the back office, from the front line to the business development team, every employee is responsible for the member experience. Providing an exceptional experience has to be an ongoing and organization-wide priority. It has to be top of mind, and it is management's role to continually reinforce its importance, provide examples of how employees can help and communicate the business reasons for investing in experience.

Organizing with the member experience at the forefront starts with a focus on your employees and making sure they are engaged and empowered. Develop an engaged team of employees who understand the importance of providing an experience beyond simply serving members.

Engaged employees earn their companies more and are better workers, consistently (*tinyurl.com/y3g6aa44*). They are more willing to work late and do things outside of their job description for the good of the organization. They are also more willing to suggest improvements. The member experience is defined by your employees' experience, so take care of them, and in turn they'll take care of your members.

The motto of the Ritz Carlton is "We are ladies and gentlemen serving ladies and gentlemen," meaning that employees are to be treated with the same care and value as guests. The company lives this motto in all its practices, but the policy that most exemplifies it states that each employee—from housekeeping to management—can spend up to $2,000 per guest per day before consulting a supervisor to solve a problem and/or exceed a guest's expectations (*tinyurl.com/y5dtfdkm*). Employees are empowered to make it right. The Ritz Carlton understands that employees are the authors of the guest experience.

The lesson for your CU is to ensure that employees feel empowered to impact the member experience. As an executive, spend time in all parts of the credit union asking employees what you are doing well and what complaints they are hearing from members. Ask if there are procedural or policy roadblocks to providing a good experience. Most importantly, ask your employees if they feel empowered to make it right for your members. If they don't, ask them what they need from management to do so. Commit to understanding and improving your employee experience and making it the fundamental focus of your organization.

X-FACTOR 3: MAKE AN EMOTIONAL CONNECTION

Don't be afraid to get emotional. Consumers want to do business with brands and organizations that understand them, share their values and create meaningful experiences. Emotional connection is what keeps members coming back for more.

Without an emotional connection, you are forced to compete on price, and you'll only have loyalty for as long as you are the lowest price. The emotional connection consumers feel when interacting with a brand drives lasting loyalty and trust. It's what transforms customers into fans and advocates who actively engage in a relationship and tell their friends and family about you as well.

How do your members feel about your credit union? If they look to you only as a low-cost provider but will switch to another financial institution that is more convenient or has better rates, then you aren't emotionally connected. Simon Sinek (*simonsinek.com*) once said, "People don't buy what you do, they buy why you do it." Your brand promise and the experience you provide is what sets you apart. It tells your team, your members and your potential members who you are and why they should choose you. It is the foundation of experience and sets the expectations that you must live up to in delivery. The emotional connection is the glue holding the promise and experience together and what resonates with members. Make sure your "why" aligns and connects with members on an emotional level.

TOMS Shoes believes that they are not just creating customers for life, but they are starting a movement. The brand promise for

MORE ON MEMBER EXPERIENCE

The 'Sweet Spot' of Member Experience (*cumanagement.com/0319sweetspot*)

Four Ways to Move Your Members From Happy to Ecstatic (*cumanagement.com/071819skybox*)

The Digital Experience Is Critical … For Now (*cumanagement.com/050819skybox*)

Tech Time: Tablets, ATMs and Open Branch Design Improve the Member Experience (*cumanagement.com/0419techtime*)

Your brand promise and the experience you provide is what sets you apart. It tells your team, your members and your potential members who you are and why they should choose you.

TOMS Shoes is "One for One." You buy a pair of shoes, and TOMS donates a pair of shoes to a child in need. Since 2006, TOMS has given more than 15 million pairs (*tinyurl.com/y3ef9acm*) of new shoes to children in need. As a consumer that buys TOMS shoes, you are telling the world that you believe in giving back. You are about more than just utility, economy or frugality; you believe in making a difference.

Give your members the reason why they should choose you by volunteering, sponsoring and donating to the causes, movements and issues that are important to them. Connecting on an emotional level to your members makes them want to do business with you over and over again, positions you as part of the community and differentiates you from your competition.

X-FACTOR 4: BE CONSISTENT

This means executing the first three factors consistently across every channel, for every member, every single day. Your operational reality must match your brand promise, or your members won't trust you.

Financial institutions with the highest consistency in such common customer journeys as opening an account, onboarding or problem resolution see an increase in customer trust and loyalty (*tinyurl.com/y9co8m57*). Financial institutions that had the greatest gap in customer journeys from one channel to another, call center to branch, for example, saw the lowest amount of reported trust from consumers. Considering that as financial institutions, only about 30% of our customers trust us, that gap in experience consistency can impact growth.

The only way to ensure consistency is to test and measure. Establish feedback mechanisms that will tell you if the member journey that you mapped is actually the experience the member is receiving. Send members a survey after various experiences such as getting a loan, opening an account and becoming a member. Ask a few questions, no more than five, to understand if the expectations matched the experience delivery. Take the responses and compare them to the journey and make changes where necessary. Communicate to your members why you are asking for the feedback and that you will use their input to improve the experience. Most importantly, follow up on what you learned and communicate the result to your members.

Zappos is known for its "WOW" service and a culture that delivers happiness, but at its core, Zappos is operationally a call center. The reason that Zappos can consistently deliver WOW experiences to its customers is that the staff understand how they would want the interaction to work and they measure what matters. Traditional call centers usually have a phone tree that customers must navigate to get to a person. Not at Zappos—they know that no WOW ever came out of a phone tree. Your call will be answered by a human, usually in under a minute (*tinyurl.com/y2p4otje*). Also, Zappos doesn't set a limit on how long an associate can be on the phone with you, unlike traditional call centers. Instead, they celebrate the length of the call as proof that the customer service associate has been able to completely resolve your issue. The longest call to date has been 10 hours and 51 minutes.

If Zappos can make an interaction with a call center a WOW experience, you can certainly do that at your credit union. Start by asking your employees what your processes look like today, and then have them envision what they want the experience to be. Ask "Why do we do it that way?" and if the answer is contrary to the experience you want to provide, change it. Then put in place measures that evaluate the quality of the experience rather than the operation itself. Continually evaluating and measuring experience is the only way to ensure you are providing a consistent, quality experience.

There are very compelling business reasons to provide personal and memorable experiences. Start your own search for the truth by focusing on the X-factors that will deliver results. Committing to changing your point of view, organizing around the member experience, making an emotional connection and being consistent will not only keep your members coming back for more but also provide a solid strategy for long-term growth.

Bryn C. Conway, MBA, CUDE, *is principal of BC Consulting LLC* (bccstrategies.com) *and a longtime member of the credit union community who helps credit unions define their brands, develop their experiences and grow market share.*

Execu/Summit®

March 8-13
Park City, UT
cues.org/ES

This meeting's distinctive schedule has educational sessions in the mornings and later afternoon—giving you plenty of networking time in between to ski, explore or just relax by the fire.

Execu/Blend™

June 7-10
Santa Barbara, CA
cues.org/EB

This unique event takes in-depth industry sessions, infuses them with built-in networking time, and blends in beautiful Southern California wine country—resulting in a one-of-a-kind learning opportunity.

Execu/Net™

August 30-September 2
Teton Village, WY
cues.org/EN

This seminar gives you the opportunity to reflect on your credit union's goals and direction in the morning. Then, bike, hike, paddleboard, or just enjoy the scenery in the afternoon.

Realize Your Greatest Potential

Set your credit union—and yourself—up for success by attending one, two, or all three CUES Execu/Series seminars. Each offers a deep look into vital industry topics, and all are held at bucket-list locations. We've also built ample time in so you can discover the area and network with colleagues—a combination that creates a transformative experience for all attendees.

For maximum benefit, register yourself and your colleagues for one or more of the Execu/Series seminars. Sign up today!

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Five Inducted Into *CUES Hall of Fame*

CUES is pleased to announce its 2019 Hall of Fame inductees. The following executives were inducted into the CUES Hall of Fame at CEO/Executive Team Network last month in Florida:

- **Joseph F. Hearn, CCE,** president/CEO, Dupaco Community Credit Union, Dubuque, Iowa;
- **Stephanie Sherrodd, CCE,** president/CEO, TDECU, Lake Jackson, Texas;
- **Gregory Smith,** retired president of PSECU, Harrisburg, Pennsylvania;
- **Kim Sponem,** president/CEO of Summit Credit Union, Madison, Wisconsin;
- **Albert Suraci, CCE,** retired president/CEO of Northern Credit Union Ltd., Sault Sainte Marie, Ontario.

The 2018 CUES Hall of Fame inductees, from left: Joe Hearn, CCE; Kim Sponem; Al Suraci, CCE; Stephanie Sherrodd, CCE; and Greg Smith

The CUES Hall of Fame recognizes a lifetime of achievement and dedication to the credit union movement. These extraordinary leaders were chosen by the CUES board of directors for their contributions to their profession and the industry, involvement in community service, and history of education and self-improvement.

To learn more about CUES awards, visit *cues.org/recognition*.

Meet the *2019-2020 CUES Board*

Stu Ramsey, CCE

Kelly Marshall, CCE, ICD.D

Erin Mendez, CCE

Kris P. VanBeek, CCE, CIE

CUES® elected its board officers for 2019-2020 during CEO/Executive Team Network™ in Amelia Island, Florida. Over the next year, these individuals will play a crucial role in ensuring CUES continues to operate in the best interest of its members and remains the leading provider in credit union professional development. The 2019-2020 elected board officers are:

- **Board Chair**—Stu Ramsey, CCE, president/CEO, Pen Air Federal Credit Union, Pensacola, Florida;
- **Vice Chairman**—Kelly Marshall, CCE, ICD.D, CEO, Summerland Credit Union, Summerland, British Columbia;
- **Treasurer**—Erin Mendez, CCE, president/CEO, Patelco Credit Union, Pleasanton, California; and
- **Secretary**—Kris P. VanBeek, CCE, CIE, president/CEO, USALLIANCE Financial, Rye, New York.

Other CUES board members include: Immediate Past Chair & Director, Kim Sponem, president/CEO, Summit Credit Union, Madison, Wisconsin; Past Chair & Director, Stephanie Sherrodd, CCE, president/CEO, TDECU, Lake Jackson, Texas; Past Chair & Director, Joseph F. Hearn, CCE, president/CEO, Dupaco Community Credit Union, Dubuque, Iowa; Director Jim Hayes, CIE, CEO, Andrews Federal Credit Union, Suitland, Maryland; and Director Gerry Agnes, CPA, CIE, president/CEO, Elevations Credit Union, Boulder, Colorado.

Webinars & Elite Access

CUES members can attend all webinars and access a library of webinar playbacks for free. CUES Elite Access Virtual Classroom offers an innovative take on online education. Learn more at *cues.org/events*.

DEC. 3
1 p.m. Central
Online Account Opening: How to Grow Your Business Member Portfolio (Webinar)

DEC. 4
1 p.m. Central
The Dream Team: Building the Board of the Future (Webinar)

DEC. 5
1 p.m. Central
CEO Performance Evaluation Best Practices (Webinar)

DEC. 5
1:30 p.m. Central
Board Recruitment—Demystifying the Process (Webinar)

JAN. 9 & JAN. 16
12 p.m. Central
Mentoring at Work (Elite Access)

AD INDEX

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A Perfect *Combination*

It's conventional wisdom these days that taking brain breaks and exercising can boost learning and retention—several studies over the past decade have supported the link between physical activity and improved memory. But as credit union leaders, it's hard to get away from the day-to-day bustle, the meetings—or even your desk—and take time to focus on education and developing a long-term vision for your organization.

That's precisely why CUES created Execu/Summit® (*cues.org/es*), a learning event with a schedule built to refresh and inspire. From March 8-13, attendees will have the opportunity to balance in-depth, interactive workshops with networking, exploration and adventure on the slopes of Park City, Utah.

You'll start each day with an after-breakfast learning session with our expert speakers before setting out to explore the area, enjoy the spectacular scenery and reflect on critical industry topics. After a warm-up break, you'll reconvene in the afternoon for more lively discussion and group problem-solving. Session topics will include consumer engagement strategies, the economic outlook, key governance issues and succession planning.

On Tuesday, Butch Leonardson, IT advisor and facilitator for the Regional Leadership Forum (*rlf-leadership.com*), will lead "Setting Expectations for Information Technology: A Governance Model for Boards and Executive Leadership," where he'll share a practical model credit unions can use to set strategic and operational expectations as well as create an IT roadmap.

"In the IT world, where there are always upgrades to implement or new technology to chase, it's easy to allow the latest shiny object to distract you from what's important," writes Leonardson in "What Happens When IT Waits in Your Teller Line?" (*cumanagement.com/081517skybox*). Instead, credit unions should implement an "outside-in" model of IT leadership, which "helps us discover where we are making it hard for members to do business with us (improvement opportunities) and where we delight them (strengths to build on)."

Tackle these high-level strategic issues and more with your industry colleagues at Execu/Summit. Register at *cues.org/es* before Jan. 23, 2020, to get the lowest rate!

Explore and learn with your industry peers at Execu/Summit® (*cues.org/es*), March 8-13, 2020, in Park City, Utah.

2020

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, PA

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

EXECU/BLEND™
June 7-10
Hilton Santa Barbara Beachfront Resort
Santa Barbara, CA

CUES GOVERNANCE LEADERSHIP INSTITUTE™
June 7-10
Rotman School of Management
University of Toronto, ON

STRATEGIC INNOVATION INSTITUTE™
July 12-16
Stanford Graduate School of Business
Stanford University, CA

BOARD CHAIR DEVELOPMENT SEMINAR
July 13-14
Le Westin Montreal
Montreal, QC

DIRECTOR DEVELOPMENT SEMINAR
July 15-17
Le Westin Montreal
Montreal, QC

CUES SCHOOL OF STRATEGIC MARKETING™
July 20-23
Westin Cleveland Downtown
Cleveland, OH

CUES SCHOOL OF BUSINESS LENDING™ II: *FINANCIAL ANALYSIS AND DIAGNOSTIC ASSESSMENT*
July 20-24
Westin Cleveland Downtown
Cleveland, OH

CEO INSTITUTE III: *STRATEGIC LEADERSHIP DEVELOPMENT*
Aug. 2-7
UVA Darden Executive Education
Charlottesville, VA

EXECU/NET™
Aug. 30-Sept. 2
Snake River Lodge and Spa
Jackson Hole, WY

CUES SCHOOL OF BUSINESS LENDING™ III: *STRATEGIC BUSINESS LENDING*
Sept. 21-25
Embassy Suites by Hilton Chicago
Downtown Magnificent Mile
Chicago, IL

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

Keep the Industry Strong!

Participation in CUES Compensation Surveys Starts Soon!

Participation opens January 1, 2020 and runs through March 31, 2020 for CUES Executive Compensation Survey and CUES Employee Salary Survey. Update or submit your credit union's data to help keep the industry strong.

Your involvement helps shape the latest industry trends with valuable compensation tools and data to help attract and retain well qualified professionals.

Mark your calendars for **January 1** and provide your credit union's information at **cues.org/ECS** and **cues.org/ESS.**

A Strong Board Leads to a Strong Credit Union

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Is Strategy Actually Driving *Your Credit Union?*

BY C. MYERS

Is strategy or implementation more important? Yes! That's a slightly nonsensical way of saying that these two components are so critical and dependent upon each other that both must be successful for your well-crafted plan to become a reality. For that to happen, strategy and implementation must be driven from the same level within the organization.

Even organizations that are consistently good at execution can find that they are not moving toward their strategic goals as planned. The missing link is strategic implementation. Strategic implementation means that strategy drives what the institution does and how it gets done.

This isn't a matter of simply choosing projects that support the strategic plan. That's a given. Taking strategic implementation to the next level requires the team to keep strategy in sight at all times. For example, too often we hear that a new system has been put in place but isn't delivering as anticipated. This could be the result of the credit union focusing on getting the system live rather than implementing it in such a way as to further the strategy. A newly launched loan origination system that does not support the desired strategy of a simpler member experience would fall into this category. Strategy can get lost when it is not the driving force behind decisions made every step of the way.

Organizations that are successful at strategic implementation drive it from the C-suite—just like strategic planning. It starts with clarity and alignment on the strategy. Everyone in the C-suite must be on the same page. No silos are allowed. Each person must understand and be able to communicate all aspects of the strategy and the whys behind it, even if they are not directly responsible. It's important that the entire team uses consistent messaging while communicating. This usually requires deep discussions at regular intervals that focus on the strategy.

C-suite leaders must also achieve clarity and alignment within each of their areas. This requires skilled vertical communication from the leaders to their teams. Again, clarity and alignment are achieved through regular discussion. The goal is to continuously connect everyday decisions and actions with strategy. In the loan origination system example, it is the team members who would recognize early on that, while the system might be on track for launch, it is not on track to accomplish the strategic objective.

Once strategic clarity and alignment are gained, strong project management processes play a key role in the success of the implementation. Project portfolio management is another area where the C-suite needs a high-level, non-siloed view in order to understand how projects interact and ensure resources can be strategically allocated, especially when the unexpected comes along. Strong project management that prioritizes strategy at the individual project level is a must.

Successful strategic implementation begins by elevating it to the same level as strategic planning. When strategy is kept top-of-mind and effectively communicated from the C-suite through management and beyond, it becomes a powerful part of everyday conversations and is used to drive better decisions and actions.

c. myers corporation (cmyers.com)*, Phoenix, has partnered with credit unions since 1991, helping them ask the right, and often tough, questions in order to create a solid foundation that links strategy and desired financial performance.*

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" As leaders, we make a lot of assumptions as to why our staff stay in their roles and many times are surprised when they leave. … Therefore, we need to be more proactive about knowing what our staff enjoy doing, what keeps them wanting to come to work each day and what they need to continue to grow. We can find out all these things by conducting stay interviews."

Jennifer Stangl, CUES' director of professional development, in "Purposeful Talent Development: All About Stay Interviews" on CUES Skybox: *cumanagement.com/102119skybox*

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The Strategy-First Approach to Data Analytics

Shazia Manus, Chief Strategy & Business Development Officer, AdvantEdge Analytics
John Papadia, Client Strategy Consultant, AdvantEdge Analytics

Data transformation is arguably the most complex undertaking facing incumbents in financial services today. Credit unions in pursuit of data analytics maturity confront a huge spectrum of challenges. From cultural readiness and talent acquisition to data governance and processing power, there are several complicated prerequisites on the journey to analytics success.

Products, services, channels and experiences your credit union may have only dreamed of delivering in the past are now within reach thanks to rapidly advancing technologies. The catch, however, is that every digital solution relies on data — good, clean, accessible data. It's why we say data and digital are two sides of the same coin.

Reaching data maturity means getting to a place where your credit union can consistently rely on that good, clean, accessible data. Getting there is not easy, but understanding the "why" of the effort will keep your team motivated as you progress along the implementation journey.

No Single Path to Data Maturity

Like a rigorous climb in the natural world, reaching the summit of data transformation can take many different routes. Just as rock climbers sometimes move vertically, sometimes horizontally and sometimes at an angle, credit unions each have different approaches to reaching data maturity.

To be sure, the divergent paths credit unions take add to the complexity the industry is facing as it confronts data transformation. A singular strategy to implementation — one that works for all — simply doesn't exist. However, there are guideposts credit union climbers can rely on as they formulate their own path to the summit.

Access your copy of ***The Strategy-First Approach to Data Analytics*** to learn more about each of the following six guideposts for credit unions on the journey to data transformation:

- **Data Analytics Strategy**
- **Data Governance**
- **Reporting & Analysis**
- **Advanced Analytics**
- **Data Environment**
- **Insight Activation**

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*Cited from a 2016 study conducted by Accenture.