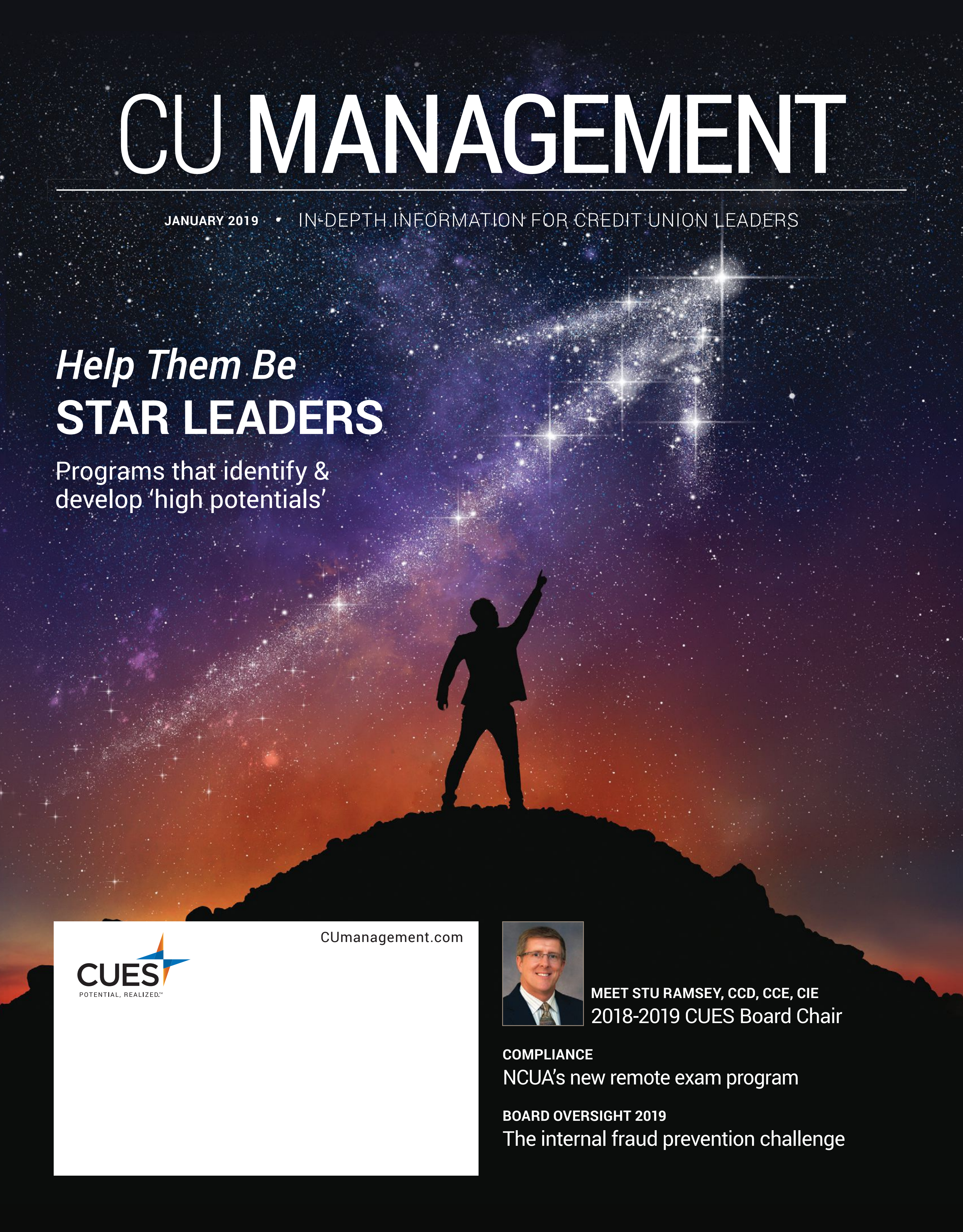


CU MANAGEMENT

JANUARY 2019 • IN-DEPTH INFORMATION FOR CREDIT UNION LEADERS

Help Them Be STAR LEADERS

Programs that identify & develop 'high potentials'

CUmanagement.com

CUES
POTENTIAL, REALIZED.™

MEET STU RAMSEY, CCD, CCE, CIE
2018-2019 CUES Board Chair

COMPLIANCE
NCUA's new remote exam program

BOARD OVERSIGHT 2019
The internal fraud prevention challenge

CEO SUCCESSION

Be There.

Adopt a Strategic Approach.

A strategic and methodical approach to succession planning ensures a successful transition.

Prepare a Comprehensive Overview Covering:

- Legacy CEO Responsibilities
- Board Responsibilities
- Pre- and Post-hiring Decisions
- CEO Onboarding
- CEO Performance Evaluation
- Total Rewards Compensation Package
- Position Internal Candidates for Success

Call Us Regarding:

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

Contact directly to begin the conversation.

Deedee Myers, PhD, MSC, PCC
CEO
800.574.8877 | deedeemyers@ddjmyers.com

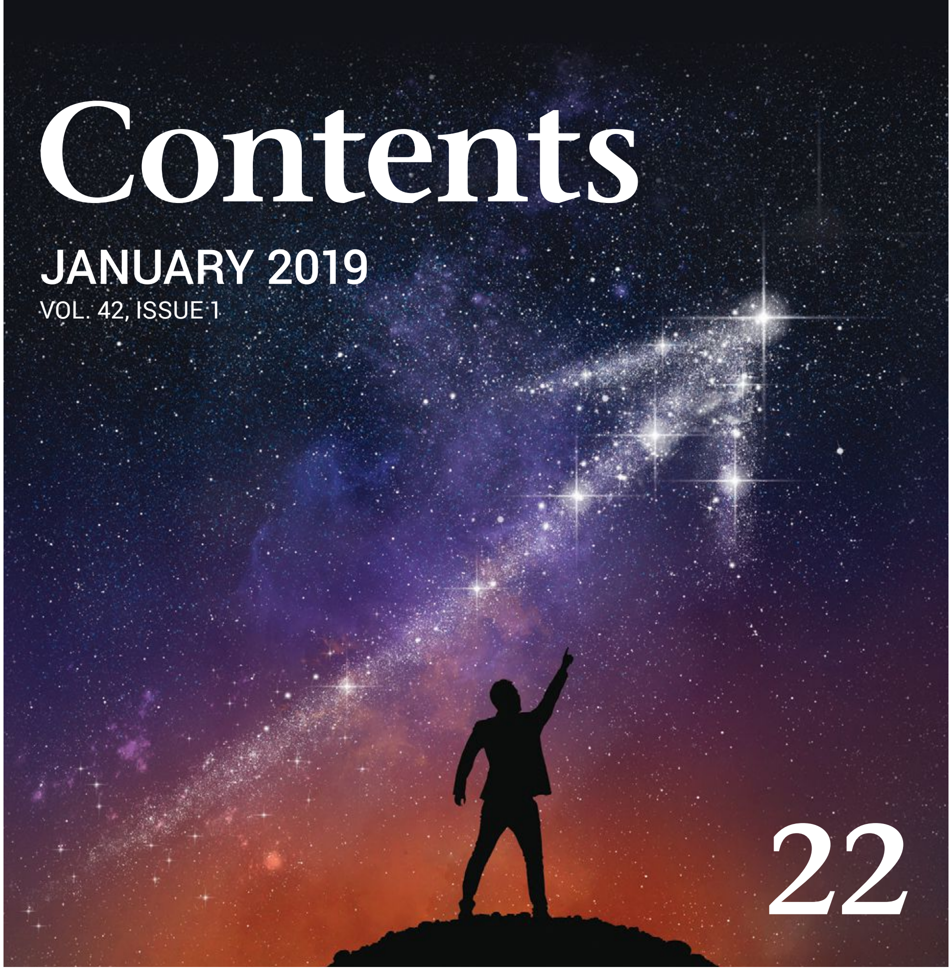
DDJ Myers
Advancing Leadership Success

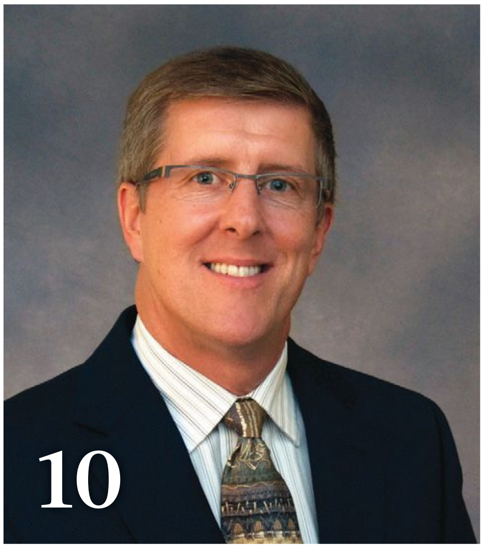
ddjmyers.com | 800.574.8877

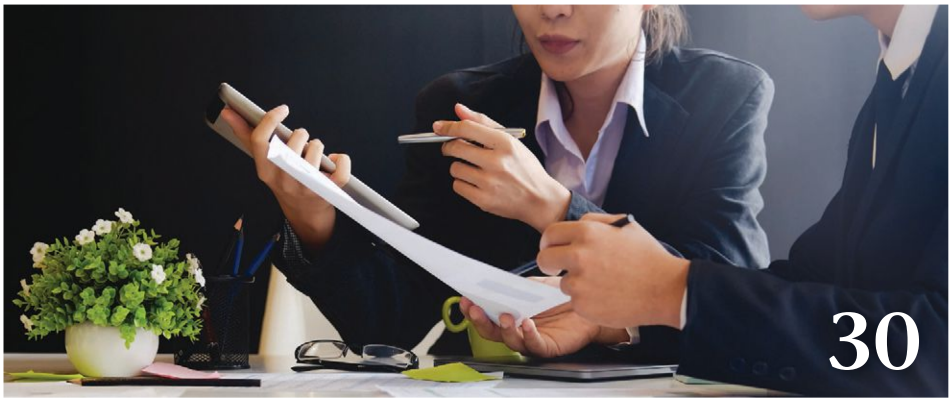
Contents

JANUARY 2019

VOL. 42, ISSUE 1







FEATURES

>> Visit the new CUmanagement.com for more in-depth credit union content!

Contents

ARTICLES

"While the numbers are important, what is more important is the relationship that we cultivate with our members and community. … [Stu] knows that our people are what contribute to our brand success."

Dana Mullins, SVP/chief people officer at Pen Air FCU *(penair.org)*, Pensacola, Florida, in "Building a Culture of Collaboration," p. 10.

IN EVERY ISSUE

JOIN US ONLINE

@TheRealCUES

@TheRealCUES

CUES

CUES

feeds.feedburner.com/cues/feed

CONTACT CUES

PHONE 800.252.2664
CANADA 604.559.4455
EMAIL *cues@cues.org*

CUmanagement.com

ONLINE ARTICLES, VIDEOS AND MORE

Web-Only Bonus

Buying Naming Rights for the Greater Good

Valley CU supports its community through sponsorship of two sports complexes.

cumanagement.com/1118buying

Online-Only Column

Are You Expecting Too Much From Your Employees?

Map out your resources before commiting to organizational goals in the new year.

cumanagement.com/1218nextgen

Online-Only Column

Technology Helps Prevent Fraud in the Car-Buying Process

High demand heightens the need for everyone in the process to be more careful.

cumanagement.com/1218loanzone

Video

Key Strategies for Setting Up a Diversity & Inclusion Program

Angela Russell, VP/diversity, equality & inclusion at CUESolutions Platinum provider CUNA Mutual Group, discusses how to obtain a high level of support from executives, secure resources, approach the work with a sense of "confident humility", and learn to manage pushback.

cumanagement.com/video111618

CUES Podcast

Episode 65: Leading an Engaged and Inclusive CU

Kathleen O'Connor, Ph.D., associate professor of management at the S.C. Johnson Graduate School of Management at Cornell University, explains what employee engagement really means, why it's worth pursuing and ways credit union leaders can boost engagement.

cumanagement.com/podcast65

Magazine Staff

PRESIDENT/CEO
John Pembroke • *john@cues.org*

SVP/CHIEF LEARNING OFFICER
Christopher Stevenson, CIE • *christopher@cues.org*

MANAGING EDITOR/PUBLISHER
Theresa Witham • *theresa@cues.org*

SENIOR EDITOR
Lisa Hochgraf • *lisa@cues.org*

EDITOR
Danielle Dyer • *danielle@cues.org*

DIRECTOR OF CREATIVE SERVICES
Nicole Morrison • *nicole@cues.org*

DIGITAL & BRAND EXPERIENCE MANAGER
Kristen Christianson • *kristenc@cues.org*

GRAPHIC/INTERACTIVE DESIGNER
Christina Harris • *christinah@cues.org*

VP/STRATEGIC PARTNERSHIPS & SOLUTIONS
Karin Sand, CIE • *karin@cues.org*

SUPPLIER RELATIONS MANAGER
Kari Sweeney • *kari@cues.org*

MARKETING COPY WRITER AND COORDINATOR
Molly Parsells • *mollyp@cues.org*

ADVERTISING/SALES REP
Catherine Ann Woods •
cathy.woods@mediawestintl.com
Phone: 602.863.2212
Fax: 602.863.6551

DESIGN & PRODUCTION
Sara Shrode • *sara@campfirestudio.net*

CU Management (ISSN 0273-9267, *CUmanagement.com*) is published monthly—including an annual buyer's guide—by the Credit Union Executives Society (CUES®), 5510 Research Park Drive, Madison, WI 53711-5377. Telephone: 800.252.2664 or 608.271.2664 in the U.S.; 604.559.4455 in Canada. Email: *cues@cues.org*. Web site: *www.cues.org*. Periodicals postage paid at Madison, Wis. (USPS 0569710).

Manuscript submissions and advertising are welcome. The appearance of an advertisement does not imply endorsement by CUES. Editorial opinions and comments in the magazine are not necessarily those of CUES.

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

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

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

LET'S CONNECT

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

TWITTER: @tawitham
LINKEDIN: Theresa Witham
INSTAGRAM: tawitham

YOUR THOUGHTS

HOW DOES YOUR CREDIT UNION SUPPORT ITS FUTURE LEADERS?

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

Who Are Your *Future Leaders?*

CUES CEO John Pembroke regularly visits with credit union leaders, always asking, "What keeps you up at night?" The two most common responses, as he notes in his latest column (find it on Jan. 11 at *cumanagement.com/pembroke*), are technology and talent development.

It seems credit union CEOs are not alone in their worry. The 2018 Talent Shortage Survey from Manpower Group (*tinyurl.com/y8vxvvf7*) reports a global talent shortage affecting almost every industry: 45 percent of employers can't find the skills they need. Managerial and executive positions are among the top 10 most difficult-to-fill roles in the U.S., while in Canada, IT experts and other professionals rank in the top 10.

If the talent shortage is already affecting your credit union, or you expect it to be a problem in the near future, start addressing the issue by developing the talent present within your organization. In our cover story, "Help Them Be Star Leaders," on p. 22, we highlight several credit unions that excel at identifying and developing their high-potential employees.

One example in the feature is the award-winning IGNITE Leadership Program developed in-house at $965 million Honor Credit Union, Berrien Springs, Michigan. "It is a robust program that takes our new leaders through leadership engagement, where we cover such areas as emotional intelligence and crucial conversations, and we also take them through a coaching event that identifies key components that we're trying to help them develop," explains Charley Shasky, the CU's organizational development manager.

At $2.6 billion Apple Federal Credit Union in Fairfax, Virginia, talent development efforts—including a leadership program and an internal university—have helped the CU fill job openings with internal talent. Between 2013 and 2017, almost two-thirds of open managerial jobs were filled with internal candidates.

This month we also profile the 2018-2019 CUES chair, Stewart Ramsey, CCD, CCE, CIE, CEO of $1.4 billion Pen Air Federal Credit Union in Pensacola, Florida, whose collaborative leadership style strikes me as ideal for developing leaders. "I am not a singular decision leader," Ramsey says. "My leadership is very much collaborative. I like input and feedback and contact and engagement from staff. Generally that works out well. ... I think you get much more buy-in when you engage your team in the decision-making process."

One of Pen Air FCU's four key values is employee commitment to expanding knowledge by constantly learning and improving. Ramsey, as a graduate of three CUES Institute programs (*cues.org/institutes*), has ensured that commitment starts at the top. Read more about him on p. 10.

Happy 2019, CUES members! I wish you and your credit union a wonderful New Year. I hope it involves growth for your organization and your staff. (Our new CUES memberships—*cues.org/membership*—can help with both!) As always, don't hesitate to reach to me with feedback and ideas at *theresa@cues.org*.

Theresa Witham

Theresa Witham
Managing Editor/Publisher

Stop Being *Interrupted*

BY STACEY HANKE

Most people believe they get interrupted because that is simply how the interrupting person behaves. In reality, the blame more often lies with the speaker rather than the interrupter. Your listeners may be interrupting you because you take too long to get to the point or because you never pause to let them get a word in edgewise.

It is difficult to influence others to take action when your message isn't heard or understood during the interruptions. And your ideas are worth hearing. Build rather than jeopardize your influence by applying the following steps during every conversation:

1. Get to the point quickly. Oftentimes, the more you say, the more you confuse, resulting in frustrating your listeners. As their patience runs out, they interrupt to try to get the information they need from you. Remember, less is more!

2. Focus your passion. When we are passionate about a topic, we often feel compelled to tell our listeners everything we know about it. We think our listeners will be as passionate about it as we are. This is rarely true. Share your passion while keeping your message directed to what is important to your listeners. Take the time prior to prepare (when you can) and during the conversation to answer the following questions:

- What is their knowledge level of your topic?
- What is their experience with your topic?
- What is their opinion on your topic?
- What do they need to know to take the action you are recommending?

Keep applying these answers throughout your message to make sure you tap into what is important to your listeners that encourages them to take action.

3. Pause. Pause to listen and give the person time to speak. An influential communicator understands that the power of persuasion involves saying less and listening more. When you spend more time listening, you hear what your listener is not saying. I call it listening for their known unspoken. When you communicate a message that is all about you and what you want to do, you will ignite your listeners' frustration. Your listeners are less likely to interrupt when they feel you truly care about what is important to them and what value they will receive when they act on your recommendation.

4. Interaction. Get your listeners involved in the conversation so that they feel like they add value and that their opinions are heard. Interaction increases engagement and connection, which builds trust. Interaction also allows you to adapt your message on the fly, which is another way to communicate to your listeners you care about what is important to them.

5. Feedback. Consider the interruption a gift. An interruption is actually a friendly reminder that you need to get back on track or adapt your message to your listeners' needs. Take this feedback and run with it. Ask for feedback from family and friends you trust will tell you the truth. Ask them to make you more aware of when you interrupt. If you tend to interrupt, your listeners will follow your lead and interrupt you.

Interruptions can be challenging to manage when they get out of control or you don't have the right steps to effectively get the conversation back on track. Start applying these five steps to every conversation. Give yourself feedback following an interaction where you needed to manage interruptions. Clearly identify what worked, what did not work and what you are willing to change.

Stacey Hanke *is the founder and communication expert of Stacey Hanke Inc. She is the author of* Influence Redefined: Be the Leader You Were Meant to Be, Monday to Monday *and* Yes You Can! Everything You Need From A to Z to Influence Others to Take Action. *Learn more at* staceyhankeinc.com.

"I've [studied] how confidence in our own abilities makes a difference to how well we perform in challenging situations. Confidence matters a great deal, oftentimes more than real skill."

Kathleen O'Connor, Ph.D., associate professor of management at the S.C. Johnson Graduate School of Management at Cornell University and faculty at CEO Institute II (*cues.org/inst2*), in the CUES Podcast (*cumanagement.com/podcast65*). You can also hear her later this month at CUES Symposium (*cues.org/symp*).

Three Financial *Tests for CUs*

One of the advantages of running thousands of what-ifs for hundreds of credit unions each year is that it provides a window into what is on the minds of credit union executives. The what-if scenarios that are being requested by c. myers corporation's ALM, budgeting and forecasting clients are widely varied, but the top three financial tests we're being asked to run are:

- increasing deposit rates to retain or acquire new deposits;
- adding borrowings or selling investments and loan participations to provide additional sources of funding; and
- increasing operating expense.

INCREASING DEPOSITS

Even though the federal funds rate has been increasing since 2015, credit unions only recently began testing higher deposit rates in earnest. While the federal funds rate has risen 2 percent since late 2015, credit union cost of funds barely moved until 2017.

The reason it took so long is that liquidity was generally plentiful. But now some credit unions are seeing deposits leave while others are no longer growing fast enough to fund loan growth. This is one of the reasons we're asked to test adding borrowings, selling investments (often at a loss) and selling participation loans. Commonly, a combination of options is requested so the impact of increasing rates and running CD promotions can be compared to other methods of bringing in funds.

According to Callahan & Associations, Q2 2018 industry loan growth was 10.1 percent and Q2 2018 industry deposit growth 5.8 percent. As credit unions think through this issue, they are turning their attention toward studying detailed deposit trends and fine-tuning deposit rate structures to better respond to member sensitivity. They are concluding that strategic deposit acquisition relies not only on fast and easy delivery channels, but must also focus on engaging members in ways that go beyond rate. Examples include stickier interactions like goal setting, progress tracking, rewards, and intriguing, bite-sized educational components.

Read the rest of this article at *cumanagement.org/120318skybox*.

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

Building a Culture *of Collaboration*

STEWART RAMSEY, CCD, CCE, CIE, WILL BRING AN INCLUSIVE LEADERSHIP STYLE TO HIS NEW ROLE AS CUES BOARD CHAIR.

BY DIANE FRANKLIN

At $1.4 billion Pen Air Federal Credit Union (*penair.org*) in Pensacola, Florida, CEO Stewart Ramsey, CCD, CCE, CIE, focuses on three Cs: culture, collaboration and community. By engaging multiple points of view in his decision-making processes, he has become a well-respected leader among the CU's 340 employees. A CUES member, he is now poised to bring this inclusive leadership style to his new role as chair of the CUES Board of Directors.

"I am not a singular decision leader," Ramsey says. "My leadership is very much collaborative. I like input and feedback and contact and engagement from staff. Generally that works out well. ... I think you get much more buy-in when you engage your team in the decision-making process."

Ramsey's propensity for collaboration was evident in his first year at Pen Air FCU, when he set out to

intentionally define the CU's culture and core values. CUES member Dana Mullins, SVP/chief people officer, recalls the process: "During an all-staff training day, he led us through an exercise that involved the entire credit union, showcasing his collaborative leadership style while bringing to life the culture we have today."

The day of training unfolded with in-depth discussions, considerable introspection and lots of sticky notes. As Ramsey explains, "We asked the staff to write down on sticky notes the attributes they feel make up our culture. By the end of the day, we had sticky notes all over the place, but there were so many similarities in what people had written that we were able to narrow down what was important to us."

FOUR KEY VALUES

After the meeting, the management team took the staff's input and condensed, consolidated and categorized it until they came away with four key values that best defined the Pen Air FCU's culture:

1. **Service first.** "This defines service as our No. 1 priority," says Ramsey. "Whenever there's a need, we're going to fill it, and that applies not just to our membership but to staff helping each other as well."
2. **"Communerosity."** This is a word coined at the CU to describe "where community and generosity come together," stressing the importance of Pen Air FCU's community involvement activities.
3. **Solution-seeking.** Pen Air FCU has an organization-wide commitment to finding solutions rather than saying, "I don't know." "In other words, don't pass the buck," Ramsey explains. "Always be looking for a solution and willing to take the first step."
4. **"Pro knows."** This describes the staff's commitment to expanding knowledge by constantly learning and improving.

Employees were asked to sign a commitment statement affirming that they understood these four values and were willing to live by them every day. New hires, after going through a week of cultural orientation, likewise are asked to sign the commitment statement.

"The best part about these values is that they were not new," Ramsey says. "They encompassed many of the things that our employees were already doing. ... We just asked them to commit to these values, and we also asked our management team to look for these attributes in their hiring practices."

Mullins was impressed with the process that Ramsey undertook to introduce these values at Pen Air FCU, a process that continues to reinforce them today. "His inclusive approach allows the executive team to truly work as a team, offering our opinions and feedback on most decisions affecting the credit union," she explains.

The stronger cultural definition has produced better organizational results. As an example, Ramsey reports that upon his arrival, Pen Air FCU's growth was hampered by an extremely low loan-to-share ratio of 42 percent.

"So, given that one of the focuses of a credit union is to take in money in from depositors and lend it out to those who may be not able to get loans elsewhere, I knew we had to move that needle and make sure we were living our mission as a credit union," Ramsey says.

In keeping with the "service first" mantra and his collaborative leadership style, Ramsey challenged his team to make significant improvement in the loan-to-share figure. "Over the last five years, we were able to move our ratio from 42 to 72 percent. We achieved this by ... putting a greater focus on lending money to folks who really needed it."

As CPO, Mullins finds it exceptionally gratifying to work for a CEO who understands the value of people to the organization's overall mission. "With Stu, while the numbers are important, what is more important is the relationship that we cultivate with our members and community. These aspects are what set us apart, and he knows that our people are what contribute to our brand success."

This is most clearly manifested through Pen Air FCU's "communerosity" initiative. To increase staff's community service involvement, the CU gives staff five paid hours a month to serve an organization of their choice. "We want employees to volunteer for something they really have a passion for, so we ask them to bring opportunities for serving the community to us," Ramsey reports. "We have a committee that each year picks eight organizations that our employees are raising money for, and the credit union matches whatever they raise."

> **"My only regret is that I didn't start in the industry long before."**
>
> – Stu Ramsey

Among the organizations that the CU has supported are Willow Farms *(willowfarms.org)*, a horse rescue organization; Ronald McDonald House Charities *(rmhc.org)*; and organizations serving troubled youth. In addition to supporting these efforts in his role as CEO, Ramsey supports several organizations personally. Just recently, he joined the board of Pensacola-based The Secret Place *(thesecretplacehome.org)*, a safe house with rehabilitative and educational services for girls between the ages of 12 and 17 who have been victims of human trafficking.

A STALWART SUPPORTER

Ramsey is a stalwart supporter of the CU industry, but he admits that when he started out, he had no idea what a credit union even was. After growing up in the tourist town of Wisconsin Dells, Wisconsin, he got a bachelor's of business administration in accounting degree from the University of Wisconsin-Whitewater.

"I started my career in public accounting, working for one of the Big Eight accounting firms, Arthur Young (which became part of Ernst & Young in 1989)," Ramsey recalls. "That was a great start to my career, because it gave me experience on the audit side and gave me exposure to many different industries that I thought I might enjoy working in."

Somehow, his accounting experience did not put him in contact with the banking/finance industry. "In my six years in public accounting, I spent only one day in a bank on an audit as a fill-in person," Ramsey says.

Ramsey made his transition to the CU industry by pure happenstance when he answered an ad in the newspaper for an opening at $580 million Blackhawk Community Credit Union *(bhccu.org)* in Janesville, Wisconsin. "I interviewed for a vice president position, and it turned out to be the most challenging interview I had ever been on," he recalls.

"I think you get much more buy-in when you engage your team in the decision-making process."

– Stu Ramsey

MORE ON COLLABORATIVE LEADERSHIP

Connected and Collaborative (*cumanagement.com/0118connected*)

He Leads or Gets Out of the Way (*cumanagement.com/1017leads*)

A Transformational Leader (*cumanagement.com/1018transform*)

CEO Institute (*cues.org/institutes*)

Execu/Blend™ (*cues.org/eb*)

Then-CEO Sean Rathjen conducted the interview. He asked Ramsey tough questions, such as why he wanted to work for the credit union, and also explored his values to determine if they were in alignment with Blackhawk Community CU's culture.

"Sean's philosophy was 'we can teach you the industry and how to get the job done, but you've got to fit within the organization first,'" Ramsey reports. "I give a lot of credit to Sean in helping move my career forward."

Ramsey felt an immediate affinity with the CU's mission of putting people before the bottom line. "I found that it was possible to focus on taking care of your [members] ... and still keep your organization on a solid footing," he says.

When Rathjen, a CUES member, moved to another CU two-and-a-half years later, Ramsey was the natural successor. He remained there for six years before becoming CEO at Fort Campbell Federal Credit Union (now $563 million Fortera Credit Union, *forteracu.com*), located on an army base near Clarksville, Tennessee.

Five years into his tenure at Fort Campbell FCU, Ramsey became aware that Pen Air FCU was conducting a search for a new CEO. "I was happy at Fort Campbell and wasn't really looking to go elsewhere, but a friend in the industry encouraged me to take a look at this great opportunity at Pen Air," he recalls. "So, I went through the interview process and ultimately was selected for the position."

With his transition to Pen Air FCU, Ramsey moved from an Army-based credit union to a Navy-based one. He found a lot of commonality between the two CUs because of their military affiliations.

"There are a lot of unique aspects to military-affiliated credit unions, starting with the fact that they have branches located on federal property," he says. "There's also the common aspect of supporting the military and supporting the community that supports the military."

Because military families are largely transient, stability for military-based credit unions tends to come from the civil service employees who live in the community, Ramsey adds. "In the case of Pen Air, it was the civil service employees at Naval Air Station Pensacola who started the credit union. While we strongly support the military, much of the strength of military credit unions comes from the people who also work in support of the military."

A COMMITTED CHEERLEADER

After having served in CEO positions for three credit unions, Ramsey is an unabashed cheerleader for the CU movement. "I sure do love the industry," he says. "My only regret is that I didn't start in the industry long before I did."

His love of credit unions has driven his desire to serve on the boards of several CU organizations. In addition to serving as CUES chair, he serves as second vice chair of the Defense Credit Union Council *(dcuc.org)*. He also serves on the board of Leverage *(myleverage.com)*, a division of the League of Southern Credit Unions & Affiliates.

Despite these considerable commitments, Ramsey still finds time to enjoy his family life. He and his wife, Lonna, love to travel and have taken memorable vacations, including a European river cruise as well as trips to Barcelona, Spain and Norway.

The Ramseys also love spending time with their four children and three grandchildren. They have two sons in Madison, Wisconsin, and two adopted daughters from China—one who lives in San Francisco and another who lives in North Carolina and serves in the United States Marine Corps.

As he takes on the chairmanship at CUES, Ramsey sees several industry challenges that the organization should address. "One of the biggest challenges is the pending retirements and positions that will be opening up in the credit union space over the next five years or so," he says. "How do we fill the void? How do we prepare the people behind us, especially when it comes to a CEO role, but also for other senior management roles as well? Are we doing what we need to do to prepare internal candidates who will help carry on and maintain the culture that they've built within the organization?"

Ramsey sees CUES as the best organization to help prepare the next generation for leadership.

"My hope is that CUES will continue working on development programs for different members of the management team," Ramsey says. "We need to keep enhancing [those offerings] and using that as our value proposition—that we can help you develop your future leaders from within your own organization. If you can find your leaders from people who have been a part of the organization, that helps create consistency and lets your culture endure."

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

Mobile Technology *Outlook*

AI AND OPEN PLATFORMS ARE PRIORITIES FOR 2019.

BY STEPHANIE SCHWENN SEBRING

Up, up and up. That's the state of mobile banking. Think beyond a decent mobile app; go further than member satisfaction. Think about what must happen to be mobile-first all the time, anytime.

According to Statista.com, the number of people using their phones to bank currently exceeds 157 million and is expected to reach 161 million in 2019. There's no going back, observes Larry Blaney, EVP/revenue for Access Softek Inc. (*accesssoftek.com*), Berkeley, California. "Mobile has been the dominant banking channel for some time, and every financial institution must not only have a mobile-first strategy but also engage users on this channel they clearly prefer."

Flourishing organizations will take mobile beyond a functioning app to the enterprise level, adds Blaney. "This means engaging all relevant business units around mobile, investing the necessary resources, using foresight, as well as weighing the impact of key decisions on mobile, whether it's new services, staff acquisition, training, policy, or technology leases and contracts."

"Many executive teams view mobile strictly as a cost center, narrow in scope, but it is much more than the app on a member's phone," stresses Tim Daley, director for CUES Supplier member and strategic provider for technology and risk management Cornerstone Advisors (*crnrstone.com*), Scottsdale, Arizona. "Having a broader enterprise perspective will help credit unions see mobile as a revenue generator and, given the reality of where consumers are making purchase decisions, see mobile as a place to meet consumers where they're doing business."

Watching revenue metrics will bear this point out, Daley adds. "One metric to follow is the number of mobile logins compared to online. For example, mobile logins outstripped [overall] browser/online logins in 2017. Failure to leverage the mobile device to engage with members means lost sales opportunities and lost revenue. Mobile is where credit union members' eyes are."

FUNCTIONALITY AND CUSTOMIZATION

Nish Modi, VP/digital/business intelligence strategy/product for CUES Supplier member CO-OP Financial Services (*co-opfs.org*), Rancho Cucamonga, California, sees artificial intelligence, machine learning, bots and voice activation all adding value in 2019, pushing mobile customization to the forefront.

"Watch for features built specifically for the mobile space, different from home banking and not the one-size-fits-all approach … . Instead of presenting an overload of capabilities to the member, AI will help fine-tune the mobile experience based on the member's needs and past behaviors." This might include adding features like PayPal (*paypal.com*), Venmo (*venmo.com*) or Zelle (*zellepay.com*) right within the app.

Voice activation tools (featuring voice commands for such transactions as moving money) and more sophisticated voice bots like Alexa will feature more heavily in apps, continues Modi. "Previously, security concerns impeded early adoption of these tools. Concerns are now allayed much earlier during implementation." For example, financial institutions may pilot voice capability by allowing users to request non-sensitive information—such as answers to basic support questions or FAQs or branch information—that doesn't require authentication to access. Once users are familiar and engaging with the technology, organizations can introduce such security features as voice PINs to allow requests for transactional information.

Mobile's new account process will improve, too. Blaney notes that right now, there's about an 80 percent abandonment rate when a member starts an application in a mobile channel. But up-and-coming features will make it easier for a member to open an account entirely and seamlessly from a mobile device.

His company, for example, is using selfie technology to verify a member's identity during the application. "The consumer takes a pic of his or her ID and then a corresponding selfie. Through advanced imaging, the two images are compared for a seamless account opening experience. It's engaging and fun—with no need to go into a branch," explains Blaney.

Improved biometrics for authentication are also on the horizon. Blaney notes that old password technology will be replaced by such advanced methods as facial and fingerprint recognition. It's already happening in other parts of the world, including Asia (*tinyurl.com/chinafacialrec*).

"Take time to review your app's functionality," adds Blaney. "What does the user interface look like? Is it meeting needs and seamlessly handling member requests? … How well does the app communicate with—and take info from—the core? What must change for a better mobile experience?"

OPEN PLATFORMS ENCOURAGE PARITY

"Mobile is the primary access point for consumers today, across all segments and virtually all generations," Daley reiterates. As such, if your mobile app is lacking features present on your online banking platform, those features may as well not exist. "It's a tactical problem financial institutions need to fix." Building your mobile app on an open platform allows CUs to more easily address these gaps.

Closed platforms are reliant entirely on the vendor and don't allow future collaboration with fintechs or integration of application programming interfaces, explains Blaney. Conversely, open platforms are flexible; they enable a CU to connect with, write to and enhance features via APIs, to take ownership and customize mobile offerings.

> **"In a short amount of time, a huge leap has occurred in using mobile to market financial services; the mobile device is now your billboard."**
>
> – Tim Daley

An open platform is essential, says CUES member Kathy Palmer, chief member experience officer for $864 million Vantage Credit Union *(vcu.com)*, Bridgeton, Missouri. "If they're able, credit unions are better off when they don't have to depend upon a vendor's roadmap for members' mobile needs. With an open platform, a credit union has ownership and can stay in control of its development destiny."

Palmer adds that CUs today can't compete without a strong mobile experience; it's a table stake. "About 80 percent of Vantage CU members have enrolled in online banking and, of those, 89 percent in mobile. We also see nearly 80 percent active electronic engagement, which means at least one login to online banking or mobile per month."

The CU designed its mobile app using an internal development team, with direction on design, feature and functionality led by e-commerce, retail and marketing. Today, the teams work collectively on enhancements.

"We credit much of our success from having our own development team (comprised of four developers) and our commitment to mobile innovation," says Palmer. "It's given us freedom and flexibility and the members what they want in a mobile experience."

Built on the same banking platform, Palmer adds that the CU's online banking platform and mobile app "speak very well to each other," with personalization reflected on both sides. "For example, members can rename accounts or choose which widgets to keep open, minimize or remove from their online banking dashboard. Because of functional parity, personalization is reflected seamlessly on both sides, online and mobile."

While the CU's mobile app offers virtually everything that online banking does, there are unique features designed specifically for mobile, like "Touch ID" and "Quick Balances." (Quick Balances, for example, presents current balance information to the member without logging in, perfect for a real-time purchase decision.)

"Members will naturally gravitate to the tools that serve them well," reiterates Palmer. "And if you don't offer functional parity and the mobile experience members want, you may lose them to another institution."

Fintech, *Meet Mobile*

"Don't be shy of partnering with a fintech. When it comes to a competitive mobile banking product, typically one partner can't do it all for you," says Jeremiah Lotz, VP/product management for CUES Supplier Member PSCU (*pscu.com*), St. Petersburg, Florida. "Many fintechs are open to collaboration and can offer enhanced functionality—while the credit union provides the security and compliance expertise."

Indeed, there is immense opportunity to serve members better with fintechs, adds Nish Modi, VP/digital and business intelligence strategy and product for CUES Supplier member CO-OP Financial Services (*co-opfs.org*), Rancho Cucamonga, California. "Credit unions, traditionally followers, need to look beyond the U.S. to Europe or Asia and observe how financial service providers there are serving consumers through fintech collaborations."

Modi also notes that in Europe, open banking (*tinyurl.com/finextra-openbank*) has been in effect for just a year. "The directive has enabled up-and-coming providers to tap into resources of the very large banks, which have previously and overwhelmingly dominated the banking industry. It's also enabling banks to modify and expand their technology capabilities."

Micro-financing and lending partnerships are also emerging from the fintech space. "Consumers will enjoy the innovation while they lean on the trust of their financial institutions," adds Modi. "Fintech partnerships are much more collaborative than in the past and offer credit unions many shared or symbiotic benefits."

CUES member Kathy Palmer, chief member experience officer for $864 million Vantage Credit Union (*vcu.com*), Bridgeton, Missouri, is also an advocate for implementing fintech solutions. "We use several—for e-deposits, for bill-payment, and to assist members with making Vantage loan payments using a credit or debit card from another financial institution."

"Fintechs can help make your job easier, and they make it easier to implement new features more quickly than building them yourself," continues Palmer. "The key is to build the fintech's functionality into a cohesive experience and flow that the CU can control entirely."

As part of the vetting process, "Ask the fintech for documentation explaining its web service end-points and the data it takes in and returns," she adds. "Also get security and compliance officers involved to ensure the fintech meets regulatory and compliance standards and required security measures."

The CU is also in the process of launching personal teller machines with a team of remote tellers and, via an API, hopes to bring this type of real-time video chat to the mobile experience. "There are numerous ways it will improve service," says Mohamed Sami, director of programming and development for Vantage CU. The new PTMs will be able, "for example, to help a member complete an application, address complex account questions or situations or even close a loan." Additionally, the CU plans to add guided account opening and funding to its digital options soon and, later, integrate voice activation commands, so that Alexa, Google and more can interact within the mobile app.

AI REDUCES FRICTION

When recalling an experience, financial or otherwise, it's the "difficult," not the effortless, that often comes to mind, observes Jeremiah Lotz, VP/product management for CUES Supplier Member PSCU (*pscu.com*), St. Petersburg, Florida. "For an outstanding mobile experience, you must remove the difficult, the friction, whether it's a lack of functional parity or intuitiveness or poor features. In 2019, look for AI to further reduce mobile friction at a much lower cost."

Following patterns of activity and driven by the demands of the user, AI and machine learning "teach" the user's mobile banking app new skills. For example, following such transactional data as purchase history and recurring payments, the app will "learn" and serve predictive responses to the user, perhaps an appropriate product or service, even a unique call to action, adds Lotz.

Enhanced AI will also enable bots to handle standard interactions without human intervention, he continues. "Today, a bot can catch (and stop) a fraudulent transaction in real time," says Lotz. "Future cases may see a bot alerting cardholders and walking them through the entire process of reporting their card lost or stolen, as well as ordering a new card. The member is relieved, the friction removed, at less cost for the credit union."

AI can also make presenting a service, a unique menu of options and even a customized mobile display easy, adds Blaney. Like the Vantage CU example, a credit union can use its data and AI to dial down to the features the member desires and increase app appeal.

Behaviors to analyze might include the following:

- Is the member logging into the app three times a day but consistently staying on the homepage? This indicates the member is checking balances. Use AI to customize the app to the member's preferences and present his or her balances immediately upon login.
- Is the member logging into online banking to pay another financial institution's credit cards? Send a credit card preapproval offer within the app to transfer those balances.
- Is the member using mobile bill-pay but also paying vendors not listed in the standard bill-pay list? Suggest the P2P feature.
- Is the member's login frequency declining compared to historical data? This could indicate a risk of attrition. Make personal contact.

Here, a CU can leverage AI to provide care or attention when needed. The key is to engage the member swiftly, says Blaney, perhaps through an in-app message, email or personal phone call. Using AI to pinpoint occurrences outside normal usage patterns *in real time* is a huge advantage.

Daley adds that in a short amount of time, a huge leap has oc-

"Any mobile platform you consider should express an openness to work with new fintech and API technologies."

– Jeremiah Lotz

curred in leveraging AI and mobile to market financial services. "The mobile device is now your billboard. Look beyond 'list-driven' marketing; instead, focus on automating your marketing efforts using data and past behavior to identify member needs and present relevant offers." He notes that some leading providers seek to couple transaction history, interaction frequency and the CU's product to identify audiences of who are most likely to buy. Others have created a data visualization tool as their first step toward marketing automation.

The beauty of AI, says Sami, is that a CU can use it in many areas if leaders have clear goals and good data—and in the case of machine learning, a large quantity of good data. He notes that a machine learning framework can be "trained" by consuming data from various systems that contain member transactional and usage data, like from the core or Google Analytics. Then, predictive analyses can be implemented for initiatives around loans, member service, marketing and others.

Vantage CU plans to go deeper into data analytics and eventually AI, especially for member service enhancements. "For example, we could be alerted to trends detrimental to members and proactively 'step in' and begin to counsel them through their situation," explains Sami. "Once we detect a patterned behavior, we can kick off communications or workflows through the app to see how we can help.

"Every credit union has data it can leverage," continues Sami. "Creating a roadmap that gets you to predictive analytics and AI should be an essential strategic consideration for credit unions to better serve their members. As our credit union has matured and grown, our technology roadmaps have developed accordingly."

ELECTRONIC PAYMENTS

As consumer preferences drive the mobile banking app, tokenized payments drive the mobile wallet. "And it's the user experience while transacting within the app that drives payments conversion," adds Lotz. "While the credit union can make the preferred mobile tools available to members, it should also educate them about the safety and security of tokenized transactions to encourage adoption of mobile wallets and digital payments onboarding."

In 2019, tokenization will become more versatile: For example, if a card is lost or stolen, members will be able to safely place new card credentials into their digital wallet, explains Lotz. The credentials could be protected behind a device-specific token that is accepted by merchants in place of sensitive account information—allowing the member to shop and pay securely until a new card is received and increasing your CU's digitatal usage.

"Payments are a way of life, and making them easier on the member is key to succeeding in the mobile space," concurs Modi. "Let the consumer choose how they want to pay, whether it's through your checking account, PayPal, Venmo or something else. The key is to have your card as the payment default."

This philosophy may feel a little different, adds Modi, because it focuses on the member's preferences, rather than cross-selling a CU's traditional payment methods.

STEPS TO TAKE RIGHT NOW

For the very best mobile experience, Daley suggests that CUs: 1) embrace mobile at an enterprise level and review how mobile aligns with other digital channels and the contact center, the human support for digital; 2) review mobile for functional parity, especially compared to the online banking experience, and see if there is a need for new features; 3) understand how the onboarding of electronic payments can impact mobile adoption; and 4) ensure the credit union is an advocate of and an expert in mobile for its members.

CU leaders should also ask their teams how well they understand the changing mobile landscape, concludes Modi. "Acquire the mobile building blocks to support member needs now and five years from now. Study demographic trends and data analytics; clarify what's important to your members. Then provide innovative mobile solutions to meet their needs."

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

MORE ON MOBILE

Mobile Loyalty (*cumanagement.com/1218loyalty*)

Using Mobile To Provide Instant Gratification (*cumanagement.com/1218gratification*)

Mobile Game Changers (*cumanagement.com/0617mobile*)

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

The Off-Site *Examiner*

AS NATIONWIDE REMOTE EXAMS START THIS MONTH, CREDIT UNIONS THAT PILOTED NCUA'S NEW PROGRAM SIGNAL IT'S OKAY.

BY RICHARD H. GAMBLE

As the new year begins, National Credit Union Administration examiners will be encouraged to conduct more exam work remotely if the CU has the technical capacity to do so. Instead of going on-site, examiners will collect more files they need remotely. After a two-year pilot and 87 test exams, the Flexible Examination project (*tinyurl.com/ncuaflex*) is ready for prime time, says Larry Fazio, director of NCUA's Office of Examination and Insurance.

NCUA has ambitions to radically transform the examination process by tapping the power of technology to move data safely, flexibly and conveniently—and sometimes process it automatically, Fazio says. But not yet. What will happen this year is meant to be a continuation of the familiar process, just tweaking the file hand-offs and reviews so that more examination work can be done off-site.

"The data that is provided electronically to NCUA through what is called the AIRES system is quite extensive," reports former NCUA chair Dennis Dollar, principal partner at Dollar Associates LLC (*dollarassociates.com*), Birmingham, Alabama. "Much of the analysis of that data can be conducted off-site, which will both save NCUA travel dollars and, most importantly, decrease the examiner footprint as to size of the exam team and length of the exam on-site.

"Examiners on site for long periods of time are disruptive to the business flow of a credit union and demand a large amount of staff and executive resources to deal with questions and provide documents while the examiners are present," Dollar points out. "Anything that does not sacrifice safety and soundness but reduces the amount of disruption for the credit union while it saves NCUA travel costs is a positive improvement to the exam process."

PICKING THE EASY PARTS

Only certain parts of the exams—about 30 percent on average—will be done off-site, Fazio explains. "We're not changing what we examine or how we do it—just where," he says. Some examiners will still show up, and the process will evolve gradually. Little training should be needed for either the CUs or the examiners at this point. The only new technology is a super-secure portal that functions as the mailbox for passing requested files to NCUA.

"We taking it nationwide," he explains, now that the program has been tested with select CUs in NCUA's Region 4 (*tinyurl.com/ncuaregion4*). "Improvements in telecommunication have made this practical." At some point, examiner participation could become mandatory, he adds.

The parts of the exam that can be handled most effectively from a remote location are those that are largely data-related, not necessarily document-related, Dollar observes. For example, interest rate risk calculations and balance sheet evaluations can be conducted as effectively off-site as they can in the conference room of the credit union.

"Most policy and procedural reviews, along with evaluating board minutes and disclosures, are easy to handle off-site by an examiner with the simple transfer of PDF files," he explains. "If a problem is discovered or there is an area that needs more clarification, the on-site examiners can follow up."

Reviewing loan files is a bigger challenge, but one that can be overcome in the foreseeable future, Dollar notes. Investigating potential fraud likely will always require on-site work.

"Certain aspects of a credit union's culture, as well as the management of checks and balances, will continue to require real eyes on the scene," he says.

Multiple state and federal agencies perform similar exams. How much is NCUA inventing versus following other regulators?

2019 Regulatory *Environment*

As the new Congress goes to work this month, one thing is clear says CUES member Todd M. Lane, president/CEO of $2.5 billion California Coast Credit Union (*calcoastcu.org)*, San Diego. "Due to retirements and seats flipping in the (November mid-term) election, there will be a lot of new faces." he notes "We'll have some work to do acquainting them with credit unions and our causes."

Dennis Dollar, principal partner at Dollar Associates LLC (*dollarassociates.com*), Birmingham, Alabama, and former NCUA chairman predicts gridlock, since the House is under control of the Democrats and the Republicans have a larger majority in the Senate. He says this actually works both for and against credit unions.

"For example, any legislation to delay the NCUA's RBC (risk-based capital) rule or to put in place a commission at the CFPB won't get much of a hearing in the Democrat-controlled House. But, on the other hand, any efforts to increase regulatory authority at CFPB or even at NCUA may get more traction in the House under the Democrats but will almost certainly find itself without any real support—and probably automatic opposition—in the GOP-controlled Senate with its larger majority."

The new Congressional make-up makes CUs very likely safe from being taxed for the next two years. "A stand-alone credit union taxation bill that raises less than $2 billion a year and could anger over 100 million members is toxic," Dollar notes. "It could only come up as part of a compromise tax restructure bill. With the current gridlock stemming from split control of Congress, the chance of a new tax bill is almost nil."

While it may not be labeled a CU issue, payments policy is important to CUs and very much in play now, notes consultant Richard K. Crone, principal of Crone Consulting LLC (*croneconsulting.com*), San Carlos, California.

"You have an ongoing battle between retailers and financial institutions over payments issues. One-sided decisions are unlikely, but Republicans tend to align with financial institutions and Democrats with retailers, so expect a Democratic House to protect the Durbin Amendment, its crown jewel, and be generally sympathetic to retailers."

Also, Democrats in the House are more likely to scrutinize entrepreneurial fintech start-ups, whereas Republicans have been more likely to encourage them, Crone adds. "In addition, skilled tech worker visas, which are the lifeblood of fintech startups, have now been politicized and could come before Congress, he points out.

"The old Congress gave us 2155, which was a regulatory relief bill and a win for credit unions," Lane notes. "The new Congress is unlikely to tackle further regulatory relief." Issues that could see action and affect CUs might be data security and maybe charter expansion, he suggests.

A lot of attention will be focused on Maxine Waters, a Democrat from California, incoming chairperson of the House Financial Services Committee. She will be a mixed bag of blessing and challenge for credit unions, Dollar predicts.

"She is herself a strong credit union supporter historically and will be open to well-crafted and solid arguments as to how smaller not-for-profit cooperatives like credit unions should be exempt from some of her more punitive measures directed at the for-profit banking sector," he says. But she could possibly be willing to put the Community Reinvestment Act for credit unions on the committee's agenda, he warns. "If that happens, any Waters-sponsored CU CRA bill would likely be dead on arrival in the GOP Senate."

The confirmation of Kathleen Kraninger as the next head of the CFPB is almost certainly a done deal with the new increased Senate Republican majority, Dollar notes. "This will, within itself, make the CFPB a less activist regulator over the next couple of years. That will benefit credit unions from a regulatory burden point of view."

The increased Senate Republican majority will also enhance the likelihood that the new NCUA nominees, certain to be at least two with the Matz and Metsger slots and perhaps as many as three over the next number of months with Chairman McWatters term expiring in 2019, will gain swift confirmation once the bipartisan nominees have been named so that they can be paired together for a vote. "2019 should be a year of significant change at the NCUA board, and having the 2018 mid-terms behind us with a continued Senate majority from the president's party will bring those new players to the board with much less controversy and perhaps even more expeditiously."

MORE ON COMPLIANCE

The Amazing Compliance Maze (*cumanagement.com/1118amazing*)

CUES School of Applied Strategic Management™ May 6-9, Orlando (*cues.org/sasm*)

> **If the remote exam's "an option in the future, I'll take it. It's simply a more modern way to get the job done."**
>
> – David Larson

"I think we're on the forefront, especially in taking the long view and working on a transformative virtual exam," Fazio says, "but we pick each other's brains and we're part of an interagency modernization effort. Some of what we're doing we figured out on our own, and some we learned from others, but we aren't adopting someone else's model. No agency has invented a universal solution yet." But other agencies are testing ways to pull loan data from financial institution files remotely, he notes.

Part of the larger effort to improve the exam process, a joint federal and state pilot involving alternating which regulator goes on site also launched Jan. 1 (*tinyurl.com/jointexampilot*). And, at press time, the NCUA board had just received a second report from its Regulatory Reform Task Force (*tinyurl.com/ncua rrtfreport1218*) and planned to return to its former practice of rolling three-year reviews.

HOW CUs RATE IT

Two CUs interviewed for this article have been FLEX examined in the pilot, and they both give it a thumbs-up and echo Fazio that it's not a big change.

"I thought it went well," says CUES member David Larson, CEO of $2.2 billion Affinity Plus Federal Credit Union (*affinityplus.org*) in St. Paul, Minnesota. "If it's an option in the future, I'll take it. It's simply a more modern way to get the job done."

Affinity FCU was examined twice in the pilot. "It was a little smoother this year than the first time," he reports. "We've all made a few adjustments, and it just gets better with practice. It doesn't necessarily save a ton of time. The communication piece is new and takes planning. We were in conversations with the lead examiner for a few months before the first FLEX exam started."

And examining loans was actually a bit more cumbersome the new way, he adds. "I think examiners found that it was quicker to pull a physical file manually than to scroll down until they could find the loan they were looking for in the electronic file."

Otherwise, the exam didn't feel particularly different. What the examiners were doing remotely was still visible to the Affinity FCU staff.

"We talked daily, but conversations were a little more scheduled, less just dropping by an office," Larson explains. "The remote exam does not depend on a particular system, which is key to expanding this program," he says. "You still pull the requested file and pass it on in the same way."

The benefits so far accrue mostly to NCUA, Larson says. "They can definitely be more productive if they eliminate all the travel time and the motels and restaurants. The examiners will have more family time and less burnout from travel stress. It should help NCUA recruit good talent and reduce turnover. They'll be able to allocate resources better and have more time to focus on the trouble spots."

Pilot CUs were not told why they were chosen, but CUES member Dale Johnson, president/CEO of $233 million TruStar Federal Credit Union (*trustarfcu.com*), thought his CU would be among the testers.

"We're not very complicated," he says. "We have good technology. We have a reputation of avoiding problems. And we're in International Falls, Minnesota," an unpopular drive about 300 miles north of NCUA's regional office in Minneapolis.

"It went well," Johnson concludes. "We saw a lot of positives. It wasn't all remote; the lead examiner was here on-site. The process was a little more scheduled, which meant fewer interruptions for us."

TruStar FCU staff was in touch with the exam's daily progress, even when examiners were off-site. "They sent us a schedule of what they would be examining when and which files to transmit on which days. And examiners always have questions, so there were phone calls along the way. We talked a little about using technology like Skype, FaceTime or NetMeeting in the future."

Not having strangers going in and out of the CU is an advantage, he observes. "In a small town, people talk, and people in suits carrying laptops raises questions about what's going on. We'd just as soon have it look like business as usual."

Not all of TruStar FCU's files are electronic. "We do commercial lending, and some of that portfolio was still paper-based, so that required on-site review," Johnson reports. "But we're addressing that gap and hopefully it won't be an issue next time."

Johnson sees potential for turning exams into a continuous process instead of an occasional event, and he's in favor of that possibility. "It would let them spot issues and take action sooner," he points out.

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

Wendy Nolan

Title: SVP/Sales & Business Development

Phone: 813.901.4587

Email: wnolan@trellance.com

Website: Trellance.com

LinkedIn: Trellance

Facebook: Trellance

Twitter: @Trellance

What is the specialty of Trellance?
Trellance is a full-service credit union service organization, delivering exceptional end-to-end products and services to help credit unions realize growth and profitability. We provide knowledge and resources on how to use data analytics to drive business decisions relating to member experience, portfolio growth, digital solutions, fraud and other areas of focus.

What makes Trellance unique?
Being processor-neutral gives us the opportunity to work with various partners in the industry and provide our members with more options and opportunities.

What makes the staff at Trellance stand out?
With more than 30 years of experience in the payments industry and partnering with credit unions, the Trellance team continues to work collaboratively and passionately to ensure that all those served by financial service cooperatives have access to exceptional products and services. Our strength is in our diverse group of professionals that use their knowledge and expertise to focus on accelerating growth for credit unions.

How can I get more information about Trellance?
Learn more about us at *Trellance.com*; visit our thought leadership site at *thepaymentsreview.com;* or follow us on LinkedIn, Facebook and Twitter *@Trellance.*

Help Them *Be Star Leaders*

CREDIT UNIONS USE ROBUST PROGRAMS TO IDENTIFY AND DEVELOP HIGH-POTENTIAL EMPLOYEES.

BY DIANE FRANKLIN

It's the new year 2019, a time for reflection and goal-setting for your team—including what you will learn in the months ahead.

Do you know who your future leaders are? Chances are they are already working at your credit union, excelling at member service, coming up with bright ideas to increase efficiency and showing a knack for collaboration. Their leadership qualities may be raw and underdeveloped, which is why you need to maximize your CU's talent development capabilities to ensure that their burgeoning potential comes to fruition.

Many CUs are rising to the occasion with programs to identify high-potential rank-and-file employees and support their development as future leaders. Among them is $965 million Honor Credit Union (*honorcu.com*), based in Berrien Springs, Michigan, which introduced an initiative called "I am Honor" as way to encourage its 335 employees to define the "why" behind what they do.

"We're lucky enough to be part of an organization that puts high emphasis on its people," says Charley Shasky, organizational development manager at Honor CU. "Our CEO, Scott McFarland, says it best—'people matter most,' and at the core of that is implementing programs to develop our talent and to help our team members succeed in whatever role they have."

CREATING A JOURNEY MAP

The "I am Honor" initiative is introduced to new hires as a means of highlighting the CU's core values of truth, integrity, respect and fairness. "We want employees to realize that those values are more than just words on a wall," Shasky says. "So we created a journey map of all the behaviors we want new and current team members to live by that are consistent with those values. New hires are expected to go on this journey within the first 90 days of employment."

As part of that journey, the CU asks new hires to develop an elevator speech that answers the question: Why Honor? Employees also are asked to create personal goals consistent with Honor CU's strategic direction. As Shasky's colleague, HR Generalist Nicole Kreis, explains, "Aligning our development initiatives with the overall strategic priorities of the organization allows our team members to grow personally and professionally while positively impacting the organization and the communities we serve."

To facilitate talent development of its employees, Honor CU introduced the IGNITE Leadership Program. The 10-month-long program, which Shasky co-created with HR Manager Jessica Kehrer, got underway last year with 15 participants.

"It is a robust program that takes our new leaders through leadership engagement, where we cover such areas as emotional intelligence and crucial conversations, and we also take them through a coaching event that identifies key components that we're trying to help them develop," Shasky explains.

The talent development practices and programs at Honor CU were impressive enough to earn the organization a 2018 BEST Award from the Association for Talent Development (*td.org*). Honor CU was one of only 45 organizations worldwide to receive the award. (Notably, three of the 2018 award winners were credit unions.) Even more important than outside awards is the internal acceptance that Honor CU's talent development efforts are gaining from employees, as evidenced by strong employee engagement surveys. In 2017, 90 percent of team members agreed with the statement that Honor CU provides them with opportunities to grow and develop as a person and as a professional.

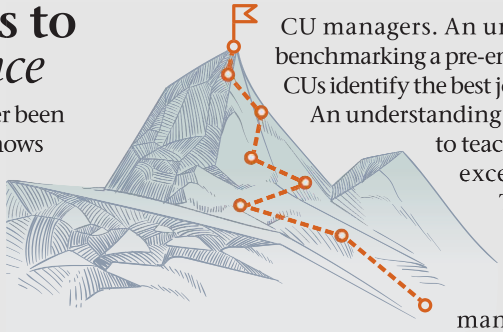
Another benefit the credit union derives from its leadership development program is high employee retention. The average tenure is 5.5 years, which exceeds the national average by 20 percent. Among the 13 vice presidents on the CU's leadership team, the average tenure is 11.31 years—more than twice the national average.

Shasky also cites strong talent development practices as having a significant impact on the credit union's return on assets. For 2017, he reports, "Our corporate goal was .65 percent, and we exceeded that goal at 1.15 percent. This is accomplished by having the right talent in the right positions."

TAKING A 'LEAP'

Talent development initiatives at $2.6 billion Apple Federal Credit Union (*applefcu.org*) in Fairfax, Virginia, are likewise garnering positive results. Its Leadership Enrichment and Achievement Program and a comprehensive internal talent development program known as Apple FCUniversity have put the CU in the top echelon of talent development, as evidenced by its selection as a BEST Award winner from ATD for two years in a row.

A Plan for Managers to *Reach Peak Performance*



The need for management training has never been greater. Research from Gallup (*gallup.com*) shows that 71 percent of employees—and 65 percent of managers—say they are disengaged in their work. To compound the problem, 70 percent of an employee's engagement is directly attributable to his or her immediate supervisor. According to Michael Neill, CSE, president of ServiStar Consulting Inc. (*servistarconsulting.com*) in Nashville, Tennessee, and CUES' strategic provider of the Vertex management development system (*cues.org/vertex*), "There is nothing more critical to the success of your brand, culture, growth and performance than to ensure that your credit union's managers have the skills to be fully effective."

For cost-conscious CUs, Vertex for Future Managers can be an attractive training option. It's a self-paced, credit union-specific course that employees can complete on-site rather than at a remote location.

Vertex offers two additional programs: Vertex Management Development, a one-on-one executive-level program for mid-level managers, and Vertex Live, a three-day management workshop presented on-site at credit unions and at other locations around the country.

Vertex is based on research conducted by Michael Neill and commissioned by the Filene Research Institute (*filene.org*), Madison, Wisconsin. The initial goal was to identify and develop the attributes and skills common among high-performing CU managers. An understanding of the attributes led to benchmarking a pre-employment testing system that would help CUs identify the best job candidates for managerial job openings. An understanding of the skills led to development of Vertex to teach those skills that have proven critical for exceptional managers to have and use.

The research identified eight key skills that are common among high-performing middle managers, which were adapted into eight digital management training courses: effective delegation; team building; performance through coaching; employee motivation; leadership; strategic thinking; employee accountability; and effective interviewing.

Participants take an exam for each course to validate their understanding. "It's designed to be a high-impact, highly powerful and highly transformative program," Neill says, citing such benefits as better member service, improved employee performance, enhanced earnings and higher retention rates.

To determine which employees are the best candidates for Vertex for Future Managers, CUs can use the same assessment tool Neill used in the groundbreaking research—Profile XT Select (*tinyurl.com/xtselect*), which measures essential leadership attributes, intelligence and work interests.

"You can teach skills, but you can't teach attributes and interests," Neill says. "What the Profile XT Select does is create a much higher degree of certainty that the person you're investing in has the attributes for success and will be able to take the skills learned in the program and implement them down the road for the benefit of the credit union."

CUES member D. Beth Yingling, SPHR, chief people officer, reports that LEAP is geared to those who are just getting started on a management track. "The purpose is to identify high-potential employees at the early stages of their career and groom them for management-level positions," she explains.

To be eligible for LEAP, employees have to have a degree, worked at the CU for at least one year and shown an interest in professional advancement. Once selected for the program, employees participate in 12 months of formal training, e-learning and a full curriculum of courses offered through Apple FCUniversity. There is also a hands-on component, which includes a period of job rotation, participation in various committees and completion of an action learning project to recommend an innovative product or service or solve an organizational problem for the credit union.

Apple FCU also has a leadership development program on the top end of the experience spectrum. This one supports succession planning by requiring senior management team members to identify a potential successor for their positions.

These successor candidates must meet certain criteria, such as completion of their degree, a history of strong work performance and a breadth of applicable experience. They must be committed to continuing their development by taking Apple FCUniversity management classes and taking on assignments in areas of the CU in which they have not previously worked. As Yingling explains, "Once we identify a candidate, we work together to ensure their development and success."

Apple FCU is also supportive of employees who proactively engage in furthering their own development. As an example, Yingling cites the formation of a women's leadership development group by several female employees. "This group emerged organically at the credit union," she reports. The CU supports the group by reimbursing members for the books they discuss, supporting attendance at off-site development programs (such as those offered by the local Chamber of Commerce), and giving the go-ahead to meet during company time.

As a result of its talent development programs, Apple FCU has been successful in filling job openings with internal talent from its pool of 440 employees. Of more than 30 managerial job openings that occurred from 2013 to 2017, almost two-thirds were filled with internal candidates. The CU primarily filled a managerial position with an outside candidate if a specialized discipline or unique skillset was required.

"We have a good success rate with our training programs," Yingling says. "We've been able to groom and engage those who otherwise might have left us."

ON-THE-JOB TRAINING

Another method for developing future leaders is to implement an on-the-job-training program. In the case of $730 million Ideal Credit Union (*idealcu.com*) in Woodbury, Minnesota, the OJT program starts before potential recruits have even graduated from high school. The CU has a long-running OJT program with Tartan High School, home of the Ideal CU Student Credit Union. This is an actual branch of the CU, staffed by students and offering such services as balance inquiries, product information, transactional research and an on-site ATM.

A great success story to emerge from the OJT program is Emily Kelly, PHR, newly promoted to Ideal's VP/talent and administration. Kelly participated in the OJT program at the high school, joining the Ideal CU team as a teller in 1993 just as she was completing her junior year. Over the ensuing 25 years, Kelly saw her status at Ideal CU rise as she moved from positions in the contact center to the loan department to HR. She put herself in a position to succeed by asking for new responsibilities.

"My manager (Jeanine Swanson, SVP/HR and administration, now retired) was wonderful about giving me opportunities to learn new tasks," Kelly reports.

With Swanson's encouragement, Kelly earned her Professional in Human Resources certification and then returned to school to get a bachelor's degree in human resources, paving the way for her eventual promotion to her current role.

The OJT program continues to be a venue for employee recruitment. Students who staff the Tartan High School branch are participants in the DECA program (formerly Distributive Educa-

'High Potentials' *at All Levels*

This is adapted from CUES Leadership Development Guide *(*cues.org/ldguide*), by Jennifer Stangl, director of professional development for CUES.*

High potentials can be identified within any level of the organization. When identifying them, be sure to consider the level of leadership role when reflecting on the consistency and quality of their actions and behaviors.

Emerging leader high potentials demonstrate an understanding of business operations and skill or potential to lead others. These people are strong performers preparing to assume their first leadership role or new leaders currently in their first leadership positions.

Developing leader high potentials demonstrate a long-term view of the department's functions, capabilities and opportunities. These are mid-level leaders that have the drive and potential to move into a next-level leadership role.

Strategic leader high potentials demonstrate a global perspective and are focused on strategic relationships and goals. These are current leaders that show the potential and drive to lead a division or the organization.

Developing a strong internal talent base is cost-effective and supports individual staff engagement. The earlier you can identify these high potentials, the more involved they can be in organizational practices and establishing career development plans to support your credit union and the industry.

"Establishing what 'high potential' means within the organization helps reduce bias and supports identification of individuals in alignment with the organization, not just one leader's perspective."

—Jennifer Stangl

tion Clubs of America), which prepares emerging leaders and entrepreneurs for careers in marketing, finance, hospitality and management.

"We have hired many DECA students over the years, many of whom are still employed at Ideal," Kelly reports.

Ideal CU also fosters employee development through its recently implemented Future Leaders Program. The CU uses an outside organization to assist in the training, which consists of four four-hour sessions on clear and effective communication; turning conflict into innovation; collaboration; and trust and influence.

"We accepted nominations from our entire management team for whom they would like to participate in this program," Kelly reports. "Once the nominees are gathered, our executive team makes the final decisions regarding who will participate. We currently have 13 employees going through the program (out of a total of 165 employees)."

Additionally, Ideal CU helps define career paths for employees through quarterly reviews in which managers are encouraged to inquire about future goals and potential interest in leadership. "If we see someone who is a standout/high-potential employee, we do our best to foster their growth by providing educational opportunities as well as giving them added responsibilities," Kelly says. "We have a culture that thrives on promoting employees from within the organization."

DEVELOPING HIGH POTENTIALS

To be effective in leadership development, you have to have a plan and process in place to identify high potentials.

"Without this, bias can take the place of skills/behaviors in identifying an individual's potential," says Jennifer Stangl, director of professional development at CUES and author of the *CUES Leadership Development Guide* (*cues.org/ldguide*). "If you have 20 leaders, each could have a different idea of what it means to be a high potential and may not understand the distinction between high potential and high performer. ... Establishing what 'high potential' means within the organization helps reduce bias and supports identification of individuals in alignment with the organization, not just one leader's perspective."

To identify its high-potential employees, Honor CU uses competency mapping as a basis for success profiles. "That helps us to identify what success looks like in each role," Shasky explains. "It's allowed us to establish the idea that, if you are hiring somebody, the decision should not be based on your own personal preferences. It should be based on established competencies that everyone understands across the organization."

Stangl concurs that identifying competencies is an important part of having a plan and process in place to support development of future leaders. "If an organization has identified competencies critical for leaders, it provides guidance to focus development of skills and behaviors aligned to the organization's strategy and goals," she explains.

Yingling observes that it's valuable to see high-potential employees in action, giving them assignments to stretch their leadership muscles. "We find that a very good way to develop leaders is through the project management process—observing managerial behavior on a project basis, so you can identify and evaluate if the employee has the necessary leadership skills," she says.

To succeed, a talent development program needs support from the credit union's leadership. At Apple FCU, this comes from CEO Andy Grimm, a CUES member.

"Your CEO has to be behind your efforts," Yingling says, and Shasky agrees, observing, "It's important to have leadership buy-in for building talent within the organization. It's also important to understand the why behind implementing a program. Without those two factors, your program can easily fade."

A final suggestion from Shasky for a talent development program: Have fun with it.

"That's definitely a key piece. It shouldn't feel like a traditional education model but should be structured in a way to create strong engagement and great conversations. Take time to enjoy these moments and the development of your team."

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

MORE ON TALENT DEVELOPMENT

From John: Chase Perfection to Catch Excellence in Talent Development (*cumanagement.com/1118fromjohn*)

CUES Leadership Development Guide (*cues.org/ldguide*)

Vertex management development (*cues.org/vertex*)

CUES Consulting (*cues.org/cuesconsulting*)

CUES membership (*cues.org/memberships*)

Playing in a *Bigger Arena*

HOW CREDIT UNION PR/ MARKETING CAN MAKE A GREATER IMPACT—RESPONSIBLY

BY GLENN HARRISON

A little more than two years after the opening of Golden 1 Center (*golden1center.com*), home of the National Basketball Association's Sacramento Kings, it remains the only major U.S. professional sports facility named after a credit union. The arena has sparked a downtown renaissance. In the process, it has helped $12.1 billion Golden 1 Credit Union (*golden1.com*), Sacramento, California, build a foundation to expand into a statewide charter.

In short, it's been a slam-dunk partnership.

Desert Financial Federal Credit Union (*desertfinancial.com*) Phoenix, also achieved a marketing first for the credit union industry: a 2018 Super Bowl television ad. It ran regionally during the Feb. 4 game, as the Philadelphia Eagles shocked the football world by beating the New England Patriots.

The ad (*tinyurl.com/alicecooperad)* shocked some in the credit union world. It was not only a high-budget media buy—it was a high-budget production. With explosions. And people screaming. Plus a *very* big snake. Oh, and Alice Cooper (*alicecooper.com*).

Stay tuned: As more credit unions reach the multibillion-dollar asset range, expect more high-profile promotional plays. And as Golden 1 CU and Desert Financial FCU have shown, credit unions can execute big-league marketing and PR tactics while retaining the industry's community-oriented brand.

"One of the reasons we've had such an overwhelmingly positive response from members ... is that they're seeing tangible benefits. ... We get a suite ... and we donate it to community groups for over 50 percent of the events."

– Doug Aguiar

MORE THAN NAME RECOGNITION

As Golden 1 CU was negotiating a 20-year naming rights agreement for the new arena, it was also working on expanding its field of membership. Its charter expanded from Northern into Southern California in 2015, and to the entire state in 2018.

At this critical time, supporting Golden 1 Center was a unique opportunity to boost statewide recognition while also boosting the economy in the credit union's Northern California home base, says CEO Donna Bland, a CUES member.

"Golden 1 Credit Union recognized the significant impact Golden 1 Center would have on the entire region, and we felt this was a meaningful way to invest in its long-term prosperity," she says. "We are giving back to the community that has given so much to us for more than 80 years. ... And when our members thrive, Golden 1 thrives."

According to the Downtown Sacramento Partnership and the Greater Sacramento Economic Council in October 2017, the investment in Golden 1 Center and DOCO drove nearly $1 billion in additional urban investment since 2015, generating 38 percent employment growth.

"Golden 1 Center has really been transformational for downtown," says Golden 1 CU's chief marketing officer, Doug Aguiar. "The whole vibe, the whole pulse of downtown has changed. And it's created a tremendous amount of momentum. We like to call it the multiplier effect."

Golden 1 CU opened a branch in DOCO, which amplifies the credit union's presence and its role in the area's economic and cultural boom. Aguiar says it's critical for the CU to show that its commitment goes far deeper than a name on a building.

"One of the reasons we've had such an overwhelmingly positive response from members about Golden 1 Center is that they're seeing tangible benefits. For example, we get a suite in the arena as part of the naming rights, and we donate it to community groups for over 50 percent of the events," Aguiar says.

Such groups as the YMCA and Homeless Youth Advocates have used Golden 1 CU's suite for more than half of the 300-plus events per year. In addition to Sacramento Kings games, the arena hosts big-ticket concerts (starting with Paul McCartney), college basketball—including March Madness in 2017—rodeos, ice shows, graduations and other community events.

Golden 1 CU hosted an open house event for 5,000 members when the facility opened. Members received vouchers for concessions and free Golden 1 gear.

"From day one, they felt like they were a part of this thing that's happening downtown. And since then, they've been part of the growth," says Aguiar.

BACKING A BIG SPEND

According to a survey conducted by Golden 1 CU, 42 percent of Sacramento Valley members have a "much more positive" or "somewhat more positive" opinion of Golden 1 after the credit union named Golden 1 Center. Seven percent said they were "somewhat more negative" while only 1 percent were "much more negative."

These results roughly track with the heavily positive social media traffic after the announcement, Aguiar notes.

Aguiar stresses that such marketing metrics as name recognition and overall perception of Golden 1 CU can't be traced to Golden 1 Center alone. "We have a multi-faceted marketing campaign, and we've made a significant amount of progress on our brand throughout California," he says.

Credit union marketing consultant Paul Lucas (*pauljlucas.com*), Alexandria, Va., says Golden 1 CU followed the right formula with its Golden 1 Center marketing.

"For credit unions that want to do naming rights, that's a good idea if you can afford it. But stadium naming rights aren't a magic bullet. You can't then say you're going to cut the rest of your marketing budget. No, you *increase* your marketing budget—you have to do some strong marketing for that name awareness to come across," he says.

This is especially true if your name itself is changing, says Lucas. He was not a consultant to either of the credit unions in this story but is a veteran of many credit union rebranding campaigns. Lucas also was impressed by Desert Financial FCU's Super Bowl commercial, which aired shortly after Desert Schools FCU became Desert Financial FCU. That ad featured Alice Cooper singing "School's Out" while the word "Schools" was removed—violently—from the credit union's branch signage.

The ad was completely out of character for credit union marketing—which was kind of the point, says CUES member Cathy Graham, CCE, Desert Financial FCU's SVP/chief marketing officer. "One of the core tenets of our rebrand plan is to make it impossible for people to ignore us. We wanted to be in front of people so they know you don't have to be a student or a teacher to join," Graham says.

As with Golden 1 CU's marketing plan surrounding its arena name purchase, Desert Financial FCU built a substantial marketing campaign around the Super Bowl ad.

Graham says the rebranding was featured in radio, movie theater and outdoor ads, plus other TV commercials and even a light-rail train wrapper. So why not just pump more money into these marketing channels rather than spend a huge chunk on a Super Bowl ad? It was just too perfect an opportunity to

> **"The Super Bowl had nearly a 50 percent viewership in our market—close to 2 million viewers. I don't have another way to get in front of 2 million people at once."**
>
> – Cathy Graham, CCE

MORE ON PR

Buying Naming Rights for the Greater Good (*cumanagement.com/1118buying*)

Monthly "PR Insight" columns (*cumanagement.com/marketing*)

CUES School of Strategic Marketing™ July 15-18, Cleveland (*cues.org/sosm*)

pass up, says Graham.

"The Super Bowl had nearly a 50 percent viewership in our market—close to 2 million viewers. I don't have another way to get in front of 2 million people at once," she says.

In addition to TV viewership, the ad has been viewed more than 260,000 times on YouTube.

PROTECT YOUR CORE

Applications for new accounts via Desert Financial FCU's online tool spiked 50 percent during the campaign anchored by the Super Bowl ad in early February and was still up about 30 percent above average two months later, Graham says.

New members and new accounts were certainly major goals of the rebranding, but so was reinforcing the credit union's relationship with teachers. As the marketing consultant, Lucas, puts it, "The number one rule in rebranding is: Protect your core."

With that in mind, wasn't Desert Financial FCU risking that teachers would get the wrong idea from an ad in which the word "Schools" is blown up, ripped away and even guillotined?

The credit union conducted focus groups, including a group of teachers, to gauge public reaction to rebranding. Graham says the new name simply wasn't an issue, and the teachers understood that the name change made sense.

To reinforce the goodwill Desert Financial FCU has for teachers, the CU launched a campaign on the day of the name change, Jan. 1, 2018.

A portion of every debit card transaction that month went into a fund the CU used to thank teachers in February and March. Each branch picked a school and spent $2,500 on a teacher appreciation lunch, and gifts like a needed piece of equipment or extra supplies.

"The response from teachers was overwhelming," Graham says, "because we didn't sell products or services. We said, 'The reason we're here is, we started out as a credit union for teachers, and although we recently took the word "schools" out of our name, that doesn't change our support for what you do.' It was sincere."

OZZY OSBOURNE WOULDN'T BE RELEVANT

The Super Bowl commercial also directly served Desert Financial FCU's base. Graham says the creative and production teams were all local, including the commercial's director, crew, cast (including the white python) and star.

"We picked Alice Cooper—not just because the song made so much sense—but because he's very well-known and respected in this community. He went to high school here. He raised his family here. He has a charitable foundation that gives back to the community," Graham says. "His song sparked the ad concept. But if he wasn't such a good corporate citizen, and if he didn't have that reputation here, we might have shied away from it."

Desert Financial FCU and Golden 1 CU both made an impact well beyond their home bases with marketing/PR moves not seen from credit unions before. And yet, both moves succeeded particularly well within their home bases.

Golden 1 Center has quickly become synonymous with a downtown renewal built not only on expensive corporate real estate, but on people gathering to have a great time. The arena's NBA connection carries Golden 1 CU's name throughout California and even nationwide.

Desert Financial FCU didn't just run one of its TV ads during a Super Bowl—it produced a Super Bowl-quality ad that conveyed a sense of humor and relatability.

Its true value, however, was that it was especially meaningful to the target audience, Graham says.

"What's most important when you're talking about these high-impact PR opportunities is making sure there's great context for why you're doing it, and that there's relevance in the high-profile component of it," she says. "So, we picked Alice Cooper, but it wasn't like we were choosing between Alice Cooper and Ozzy Osbourne. Ozzy Osbourne would not have been relevant."

Glenn Harrison *is a freelance writer based in Stoughton, Wisconsin.*

SUPPLIER MEMBER SPOTLIGHT

Joseph Lao

Title: Manager Business Development

Phone: 800.425.7766

Email: jlao@edoclogic.com

Website: edoclogic.com

Why is eDOC Innovations a great place to work?
Set in the picturesque town of Middlebury Vermont, eDOC Innovations is a dynamic environment with a diverse staff who are constantly learning, improving, and positioning the company to be a key player in the industry. A CUSO that embraces the cooperative principles, eDOC Innovations empowers its staff to do business in the best interest of its owners, partners and peers.

Can you tell us about a client success story?
Auto-Owners Associates Credit Union, which serves associates of Auto-Owners Insurance Company and closes loans across 26 different states, saw a need to mitigate mailing expenses, decrease time to closure and provide members with mobile technology solutions. In June 2016, the CU adopted eDOCSignature®, eDOC Innovations' automated solution for managing all paper-based business processes from form creation to sending documents for eSignatures. With the commitment to create a culture of digital document workflow for their remote members, the credit union achieved its goal of closing 100 percent of loans electronically by March 2017. Aside from the goodwill garnered within the member base, AOACU has seen total loan closings increase significantly in just a year's time. In Q1 of 2018, AOACU closed $1.3 million in loans, a 58 percent increase from Q1 of 2017.

How does eDOC Innovations make its credit union clients more successful?
By leading the way in digital transaction management and striving to create solid software that exceeds expectations, eDOC's solutions allow credit unions to serve their members with state-of-the-art technology at affordable pricing. Always with an eye on the future and implementing new technologies, eDOC stands out as a company that loves technology and cares about its clients.

How is eDOC Innovations making the credit union industry stronger?
With eDOC's solutions, all credit unions can play on an even field. With easy-to-use, powerful software, eDOC Innovations empowers all credit unions, regardless of size, to do what they are good at—focus on the success of their members to achieve greater things.

Board Oversight *2019*

MANY BOARD RESPONSIBILITIES INTERSECT IN THE AIM OF INTERNAL FRAUD PREVENTION.

BY KAREN BANKSTON

Credit union boards are hard-pressed keeping pace with emerging challenges—new competitors, new technology and new regulations come to mind. And, as if that weren't enough, they must also maintain the perennial aim of strong financial safeguards, including the prevention of internal fraud.

Financial oversight as part of a broader emphasis on enterprise risk management is one of the pillars of effective credit union governance, along with strategy and a forward-looking view of board makeup, says Les Wallace, Ph.D., president of Signature Resources (*signatureresources.com*), Aurora, Colorado, and lead faculty for the 2019 CUES Director Development Seminar (*cues.org/dds*). According to Wallace, directors must look beyond the traditional dashboard of financial performance to fulfill their risk management responsibilities—and can wield a variety of tools to head off or quickly detect internal fraud.

ATTEND TO THE TONE AT THE TOP

The board's role in preventing malfeasance begins with a thorough vetting of CEO candidates during the selection process and setting the same expectations for the hiring of other executives. There have been instances when even the largest companies have been so taken in by charismatic leaders that they bypassed the extensive reference checks that might have turned up phony academic credentials and dismissals from previous positions, says Richard Powers, national academic director of the Directors Education Program, University of Toronto's Rotman School of Management and lead faculty for CUES Governance Leadership Institute™ (*cues.org/gli*). Conducting background inquiries on candidates with suspect histories requires tenacity, as former employers may try to protect their reputations by skirting questions, Powers notes.

Properly aligning the CEO's compensation structure is another board responsibility that can help deter financial mischief. In research on "why good people do bad things, the smart money is on the situation," Powers notes. "The board should be cognizant of those situations that may promote bad behavior. If there's a sense of unfairness, perhaps with what similar organizations are paying their CEOs, the feeling that they're being treated unfairly can lead people astray."

To head off that potential, it falls to the board, and especially the chair, "to know exactly what's going on with the CEO," he adds. "Are they happy? Do they feel valued? Is the compensation system aligned with the mission of the organization?"

Over the long term, boards can enhance their oversight of credit union operations by broadening their interactions with other members of the senior management team, Powers recommends. "Those relationships may reveal cultural issues or instances where perhaps members of the senior leadership team haven't acted in a manner that would be consistent with the organization's mission."

In addition, "having other members of the senior management team present to the board gives directors an opportunity to see the talent within the organization and to give some thought to possible internal succession plans," he adds.

Organizational culture can also play a role in either quashing bad behaviors or allowing them to persist. The danger of permitting an "imperial CEO to reign over an organization" creates a culture of fear that may shut down warning signs, Powers says. Executives are more likely to get away with bullying employees if the board is unaware of an unhealthy work environment.

"One of the big things we talk about is the tone of the top. To assess that, directors need to hear the message from the middle, so they need to get out of the boardroom and get to know some of the other employees," he recommends. "Culture develops over time, and you're not going to see that in a boardroom. You have to get out into the branches and get to know the people because that's the only way to get a sense of what the culture of the organization is like.

"I do not propose that directors step on management's feet in the process," he clarifies. "All such visits should be coordinated through the CEO's office so that he/she is aware of what is going on. It should not be seen as 'checking up' ... —it is purely educational. Attending credit union conferences, reading credit union materials and industry publications are other ways that the directors can get and stay up to speed with the industry and their credit union's place in it."

A positive and open culture is necessary for a whistleblower system to function. If employees do not feel that they are protected, they will not come forward to raise concerns, Powers says.

MAINTAIN A 'CULTURE OF INQUIRY'

An employee determined to commit fraud against a credit union may find a way despite the board's best faith efforts to fulfill its fiduciary oversight duties. To protect a financial cooperative from malfeasance, several accountability mechanisms can and should be implemented, and the board is responsible for monitoring that those safeguards are maintained.

One overarching measure is to establish "a culture of inquiry where it's appropriate for board members to ask hard questions of management and each other, a culture of accountability where it's appropriate to hold each other and the CEO and senior team accountable, and a culture of trust—of trust, but verify," says Michael G. Daigneault, CCD, founder and CEO of Quantum Governance L3C (*quantumgovernance.net*), Herndon, Virginia.

A strong supervisory or audit committee is another essential cog in a culture of inquiry and accountability, Daigneault says. Careful selection of supervisory or audit committee members, especially candidates with financial oversight and risk management backgrounds, and comprehensive training should be a priority.

"There is a complex, nuanced set of checks and balances in a credit union between the supervisory or audit committee, the board and the senior team, but the board is ultimately responsible... ."

– Michael G. Daigneault, CCD

In addition, the board and executive team should recognize the crucial oversight role of this committee and ensure that it does its job. Among its key duties, a proactive supervisory or audit committee develops and executes a plan for internal checks and balances in support of risk mitigation, asks insightful, penetrating questions, and interacts regularly with the board, while maintaining an appropriate degree of independence.

"There is a complex, nuanced set of checks and balances in a credit union between the supervisory or audit committee, the board and the senior team, but the board is ultimately responsible for making sure that the governance system is working as well as it reasonably can," Daigneault notes. "Board members need to hold the staff and themselves to a specific set of standards of behavior, values, and clearly articulated policies and procedures, with consistent follow-up to ensure execution and any needed correction."

This commitment at the board level must be consistent over time, from one chair to the next, Daigneault adds. "It doesn't mean board members should have a distrusting attitude toward everything that management does. That actually is quite counterproductive and puts management on the defensive. But it does mean that they have to have the kind of relationship with management such that management understands and respects that it is the job of the board and the supervisory or audit committee to ask some hard questions in order to do their due diligence."

RELY ON THE EXPERTS

Fulfilling their oversight responsibilities may be better accomplished through a big-picture view rather than a focus on details that might obscure other threats, Daigneault suggests. As with other aspects of their responsibilities, credit union directors will be well-served by maintaining a strategic perspective on how best to marshal the necessary resources to carry out their fiduciary duty.

"It's not the job of the board to be experts in fraud control, but

Oversight of *the Overseers*

The board of Partners Federal Credit Union (*partnersfcu.com*) relies in part on a "very active committee structure" to oversee diverse and increasingly complex operations based in California and Florida, says Chair John Walsh, CCD.

The 11 directors of the $1.6 billion Burbank, California, credit union serving 160,000 members, are appointed to four committees that take the lead on governance, compensation, technology, and finance and operations issues so that the full board can maintain a more high-level view. At both the committee and board level, the aim is a "noses in, fingers out" approach to monitoring strategic execution, says Walsh, a CUES member.

On the risk management front, the Partners FCU supervisory committee plays a leading watchdog role, with direct oversight of the credit union's internal audit unit and the responsibility of reviewing whistleblower reports. The supervisory committee fulfills its duties independently of the board and staff, and its members sit in on every board meeting as nonvoting participants.

"At the end of our meetings, when the board adjourns into executive session, the supervisory committee provides a monthly update on any open cases and other issues," Walsh explains.

To govern the credit union productively, the board must also govern itself. The governance committee is tasked with assessing and guiding "board effectiveness and efficiency in fulfilling its governance and oversight responsibilities," Walsh says. "They monitor current board operations and they're leading the effort to 'modernize' the board, which focuses on improving the way the board runs to make us better at what we do."

Toward that end, the Partners FCU board is working with Matt Fullbrook, manager of the Clarkson Centre for Board Effectiveness at the University of Toronto's Rotman School of Management and a faculty member for CUES Governance Leadership Institute (*cues.org/gli*), to "assess our performance and understand what's working and not working," he says. That self-examination focuses on four main areas: the efficiency of board meetings, overall board performance, ongoing education and training, and the future of the board as it relates to changes with the sponsor.

"We're looking for ways to improve decision-making and making sure we have the right level of visibility and the right types of conversations. We've been getting better at overseeing ourselves," Walsh adds.

directors do need to ensure appropriate controls are in place at a level of risk the organization is willing to accept and that there is a means to monitor and verify that staff are following policies and procedures," agrees Stephen G. Morrissette, assistant adjunct professor of strategic management at the University of Chicago Booth School of Business and lead faculty for Strategic Growth Institute™ (*cues.org/sgi*).

In short, directors are responsible for acting at the policy and testing level and for "continuing to listen and learn" about emerging threats and safeguards, Morrissette says.

GOOD CONTROLS

The root cause analysis when fraud occurs often finds that financial institutions did not have proper controls in place to prevent or detect wrongdoing quickly. For example, through segregation of duties, no single employee should be responsible for the entirety of a task in which fraud might occur, making it difficult to cover up. The idea of dual controls is for two people to sign off on certain transactions and large spending authorizations, to open and close the vault, and to override a hold on a dormant account—all of which pose the threat of theft if left to a single employee.

The board relies on managers and staff to carry out those policies and procedures and on auditors to determine that the controls are adequate and enforced. "Their job as board members isn't to write the policies but to review them—and ensure they are followed," Morrissette notes. "Their job isn't to go out every time employees open the vault to make sure it's under dual control. Their job is to hire an auditor to go in and make sure those things are happening and to identify any problems."

The board also needs to ensure that the audit digs deep enough to uncover such practices as a branch manager giving tellers her authorization code so they can override transactions without bothering her or allowing address changes to be processed by a single employee, which opens the door to fraud.

Other tools include active whistleblower programs to encourage employees to report suspicious activity, policies prohibiting employees from accepting gifts from third parties over a certain amount ($25 is typical) and spot audits on spending authorizations where embezzlement is most common across business sectors, like big travel budgets or major building projects.

"Doing random spot audits has a deterrent effect, and forensic audits really dive into the details of receipts and authorizations," Wallace says. "Any authorizations involving large contracts for construction, technology or training are areas where it could be easier to commit fraud. These audits would include talking to contractors to discover if there was any intent in the process to get kickbacks or special considerations."

MORE STEPS TO TAKE

Another best practice is to change audit firms every three or four years. "Auditors can get comfortable with staff, and staff get comfortable with auditors, and sometimes there's a little gray area that auditors might allow because of those relationships," Wallace says. "When the credit union hires a new external auditor, they may discover something different. They will ask different questions. It gives the board extra confidence to say, 'OK, we had some fresh eyes look at everything, and we still got a very good audit, so

"Directors need to focus on the most important issues around strategy and risk management, not just their 'hot button' interests."

– Steve Morrissette

there's no unwanted variation there.'"

Some credit unions have taken the additional step of creating an internal auditor position that reports directly to the board, he says. There may be some resistance to the structure of a staff member working with the board, but the larger the organization, especially in the $1 billion-plus range, the more likely the board or supervisory committee is to be able to rely on an internal auditor conducting financial checks at its direction.

The boards of smaller credit unions have the option of directing the finance or risk management department to conduct spots audits or hiring an auditor to investigate a staff report of suspected fraud.

When considering auditors' recommendations, "the board has to make some judgment calls and business decisions," Morrissette adds. No credit union can afford to adopt every recommendation for fraud control and risk management, and directors of smaller financial cooperatives are especially likely to be faced with hard choices about the costs of adequate staffing to enact extensive controls and of external and internal audits.

STAY FOCUSED AND INFORMED

Board meetings with auditors offer opportunities for director education on current trends in fraud detection in financial services and new mechanisms for risk management, Wallace notes. And the board should ensure that the credit union offers regular staff training on whistleblower responsibilities and protections.

Board oversight entails continual diligence, vigilance and commitment to seek out training to round out directors' understanding of their governance and risk management responsibilities. Given their emphasis on recruiting directors from their fields of membership, credit unions may be more prone to gaps in key areas of expertise than the boards of banks and other more prominent organizations, Morrissette suggests.

"Directors need to focus on the most important issues around strategy and risk management, not just their 'hot button' interests," he adds.

Morrissette cites his own service on a hospital board of directors. While he can contribute business and financial expertise to board deliberations, it is harder for him to weigh in on discussions about clinical policies and issues. In the same way, many credit union directors are not steeped in knowledge about financial services and so need to take advantage of training and education so they can fulfill their oversight responsibilities. (In fact, the National Credit Union Administration requires through rule 704.1 that boards gain a certain level of financial knowledge, *cumanagement.com/0517fine*.) In addition, recruiting director candidates with governance and risk management expertise can help support the board's work.

STAY VIGILANT AND UP TO DATE

The challenges in providing effective oversight may vary for smaller credit unions without adequate resources to hire extensive outside auditing support and for larger institutions where directors are charged with ensuring the integrity of complex, multifaceted operations. Regardless of organizational scope and size, "it can be difficult to identify wrongdoing by a knowledgeable insider, so board members need to be committed to continual due diligence in order to protect the members and the credit union's name and reputation," Daigneault says.

Wallace agrees. "Board members need to be reading industry literature about where fraud is happening in financial services and becoming literate about how to guide the organization in making sure it doesn't happen to them," he recommends.

On the whole, credit unions are well run with only rare incidence of fraud, which raises the risk of complacency, he cautions. "When fraud does happen, it puts the brand of the organization and the financial health of members at risk. It hits the front page of newspapers" and makes headlines on social media.

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

MORE ON OVERSIGHT

Is Your Board Fine With Financials? (*cumanagement.com/0517fine*)

CUES Director Development Seminar July 31-Aug. 2, Monterey, CA (*cues.org/dds*)

CUES Governance Leadership Institute™ June 2-5, Toronto (*cues.org/gli*)

CUES Elects *2018-2019 Board Officers*

Read more about 2018-2018 CUES Board Chair Stu Ramsey on p.10.

CUES elected its board officers for 2018-2019 during CEO/Executive Team Network™ in Nashville last November. 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.

- **Board Chair**—Stu Ramsey, CCD, CCE, CIE, president/CEO, Pen Air Federal Credit Union, Pensacola, Florida;
- **Vice Chairman/Chairman Elect**—Kelly Marshall, CCD, 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 Joseph F. Hearn, CCE, president/CEO, Dupaco Community Credit Union, Dubuque, Iowa; Past Chair & Director, Robert D. Ramirez, CCE, CIE, CEO, Vantage West Credit Union, Tucson, Arizona; Past Chair & Director, Stephanie Sherrodd, CCE, President/CEO, TDECU, Lake Jackson, Texas; and Past Treasurer & Director, Greg Smith, President/CEO, PSECU, Harrisburg, Pennsylvania.

Thank You *Sponsors!*

CUES Symposium: A CEO/Chairman Exchange (*cues.org/symp*) is a unique conference that fortifies the partnership between your credit union's CEO and board chair. By attending together, the pair shares learning experiences and team-building opportunities, resulting in a powerful duo that works well together, ultimately strengthening your credit union. This year the event is taking place Jan. 27-31 at the Grand Hyatt Baha Mar, Nassau, Bahamas. Thank to you to the following sponsors for supporting this event and the industry:

Platinum level sponsors:

- CUESolutions Platinum provider CUNA Mutual Group (*cunamutual.com*) and
- Visa (*usa.visa.com*);

Gold level sponsors:

- LEO Cybersecurity (*leocybersecurity.com*),
- OM Financial Group (*omfingroup.com*) and
- Think|Stack (*thinkstack.co*); and

Silver level sponsors:

- Allied Solutions (*alliedsolutions.net*),
- Aon (*mclagan.aon.com*),
- Aprio *(aprio.net)*,
- BFB Gallagher (*bfbbenefit.com*),
- CUInsight (*cuinsight.com*),
- Franklin Madison (*franklin-madison.com*),
- JMFA (*jmfa.com*),
- Meyer-Chatfield Group (*meyerchatfield.com*),
- O'Rourke & Associates (*orourkeconsult.com*),
- SRM (*srmcorp.com*),
- The Sheeter Group (*sheetergroup.com*), and
- Trellance (*trellance.com*).

Webinars & Elite Access

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

JANUARY 10 AND FEBRUARY 19

1 p.m. Central

More Benefits, More Value: Maximizing the Return on Your Investment—A Look at the New CUES Membership (Webinar)

JANUARY 16

1 p.m. Central

The Dramatic Impacts of Document Tracking in Lending Automation (Webinar)

FEBRUARY 12

1 p.m. Central

Smart Makes the Difference: Using AI to Modernize Payments Business and Strategy (Webinar)

FEBRUARY 19

1 p.m. Central

Your MBL Plan—Are You Asking the Right Questions? (Webinar)

FEBRUARY 20 AND MARCH 6

1 p.m. Central

Strategic Leadership Development for CFOs (Elite Access)

AD INDEX

David Underdale

Title: Executive Vice President and Chief Marketing Officer

Phone: 866.319.1580 ext. 55265

Email: David.Underdale@alliedsolutions.net

Website: alliedsolutions.net

What is the focus of Allied Solutions?
We have more than 35 years of experience in the financial services industry, focused on helping more than 4,000 clients grow or enhance their bottom lines, protect their businesses and customers, and evolve to stay ahead of the competition.

What does Allied Solutions offer?
We can make the most impact in our five primary solution offerings:

- Discover a variety of products, services and delivery methods to enhance revenue.
- Maximize your operations and explore industry best practices to expand lending.
- Take steps to protect your business and consumers or learn more about our insurance tracking and collateral recovery solutions to manage risk.
- Stay ahead of the competition with our compliant and innovative solutions to improve market share.
- Consider unique benefit solutions, training and development resources to better engage employees.

How does Allied Solutions deliver its services to customers?
Each of these solutions is supported by more than 1,000 associates across the country, delivering professional and consultative services to our customers. Allied Solutions is wholly owned by Minnesota Life Insurance Company and independently operated under the umbrella of Securian Financial Group Inc., one of the largest and most highly rated financial service providers in the United States.

Engaged and *Effective Governance*

"The responsibilities of boards are really, in a way, too numerous to actually list," says Matt Fullbrook, manager of the Clarkson Centre for Board Effectiveness at the Joseph L. Rotman School of Management, University of Toronto, and faculty for CUES Governance Leadership Institute™ (*cues.org/gli*). They can range from huge, complex items to routine tasks. Sound overwhelming? Fullbrook breaks down the wide range of responsibilities into three main duties: "The hiring and firing of the CEO, compensation of the CEO and ultimately, the approval of strategy."

New and experienced board members alike can learn how to tackle these crucial tasks at Governance Leadership Institute, June 2-5 at the Rotman School of Management. Your fellow attendees will be directors and senior managers from the U.S., Canada and the Caribbean.

"We go through everything from the fundamental duties, roles and responsibilities and liabilities of a director in the credit union context and build on that throughout three days, so that we get into the nuances around decision-making and how as a group do you make effective decisions," says Fullbrook. Institute participants will also discuss the unique challenges of CU board governance and examine research that illustrates interesting trends in the industry. "There's a bunch of really cool case studies that we work through in groups," he adds. "The goal is ... to equip the participants to be more engaged and more effective contributors to their organizations." (Hear more from Fullbrook in episode 24 of the CUES podcast at *cumanagement.com/podcast24*.)

Attend CUES Governance Leadership Institute™ *(cues.org/gli)*, June 2-5 at the Joseph L. Rotman School of Management, University of Toronto.

Other key topics include effective communication and negotiation, risk management and learning how to influence change at your credit union. Attendees who complete CUES Governance Leadership Institute will earn the Certified Credit Union Director designation to honor their outstanding professional development efforts and dedication to the CU movement.

Past attendees of the CUES Director Strategy or Director Development Seminars who are ready to take their governance knowledge to the next level are encouraged to attend, along with board chairs, supervisory committee members and executives looking for in-depth education about good governance. Register now at *cues.org/gli*.

2019

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

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

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

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

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

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

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

CUES SCHOOL OF BUSINESS LENDING™ I: *BUSINESS LENDING FUNDAMENTALS*
May 6-10
Embassy Suites by Hilton Orlando International Drive Convention Center
Orlando, FL

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

CUES SCHOOL OF STRATEGIC MARKETING™
July 15-18
DoubleTree by Hilton Hotel
Cleveland Downtown–Lakeside

CUES SCHOOL OF BUSINESS LENDING™ II: *FINANCIAL ANALYSIS AND DIAGNOSTIC ASSESSMENT*
July 15-19
DoubleTree by Hilton Hotel
Cleveland Downtown–Lakeside

STRATEGIC GROWTH INSTITUTE™
July 22-25
University of Chicago
Booth School of Business

SUPERVISORY COMMITTEE DEVELOPMENT SEMINAR
July 29-30
Portola Hotel & Spa at Monterey Bay
Monterey, CA

DIRECTOR DEVELOPMENT SEMINAR
July 31-Aug. 2
Portola Hotel & Spa at Monterey Bay
Monterey, CA

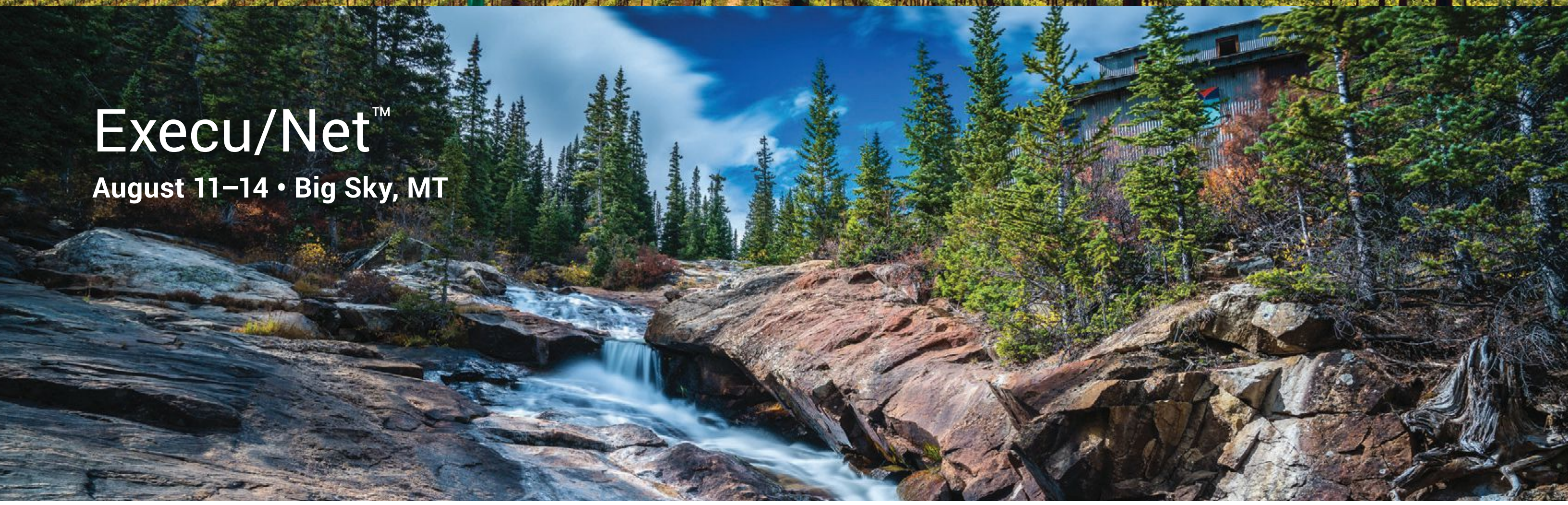
EXECU/NET™
Aug. 11-14
Summit at Big Sky Resort
Big Sky, MT

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

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

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

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



Take Your Strategic Vision Up A Notch

Set your credit union—and yourself—up for success by attending one, two, or all three, 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.

Aspire to learn more and register now at **cues.org/ES**, **cues.org/EB**, and **cues.org/EN**.

CUES
POTENTIAL, REALIZED.™

Do You Have *a Bad Strategy?*

BY THERESA WITHAM

Richard Rumelt, author of *Good Strategy/Bad Strategy: The Difference and Why it Matters* (*goodbadstrategy.com*), opened CEO/Executive Team Network (*cues.org/cnet)* in Nashville in November with a discussion of strategy—and what it is not.

Bad strategy is not simply a strategy that doesn't work, he said. It's not a miscalculation.

You will know something is bad strategy if:

- It's just fluff, like "we will strive for customer-centric intermediation." (What does that even mean?)
- It's just a bunch of financial targets.
- The actions are incoherent.
- It's an aspiration without a diagnosis of a problem. "If you don't know what the problem is, you can't solve it," said Rumelt, the Harry and Elsa Kunin Professor of Business & Society at UCLA Anderson.

"Another sign of a bad strategy is what I call a 'dog's dinner'"—a cooking mishap best left to your pet—he said. He shared an example of the "strategy" for a city in the Pacific Northwest. This city had 47 strategies and 178 action items. Action item No. 122 was "develop a strategy plan."

"A strategy is not a list of everything you're going to do," Rumelt stressed. "A strategy is a coherent mix of policy and action designed to surmount a high-stakes challenge."

An essential kernel of a good strategy is overcoming a crucial challenge. In your strategy, there needs to be a diagnosis of your key challenge, a guiding policy and coherent action steps.

Most companies miss the diagnosis stage, Rumelt said. "Business people don't like to acknowledge that they have a problem."

Intense focus—on one or two priorities—is important for strategy. But having focus means making hard choices. "Focusing on A means doing less of B. That's the hard part," Rumelt said. "It means pushing aside whole things that could be."

Theresa Witham (theresa@cues.org) *is managing editor/publisher for CUES.*

Leave a comment on this post at cumanagement.com/110718skybox.

Our Favorite *Recent Posts*

"Focusing efforts does not mean that we simply place emphasis on one set of needs and ignore the others. It means understanding the organization's strategy—along with how talent development is viewed—to create a sustainable talent development strategy."

Jennifer Stangl, director of professional development for CUES, in "Purposeful Talent Development: Balancing the Needs Of Many" on CUES Skybox: *cumanagement.com/112618skybox*

"Imagine what an impact we could make if more people were not only aware of credit unions but driven to act. ... In fact, many credit unions are highlighting their membership impact. They are telling their story to help people to see why action matters."

Tansley Stearns, CME, CSE, chief people & strategy officer for $2.4 billion Canvas Credit Union (*canvas.org*), Lone Tree, Colorado, in "Don't Keep the Credit Union Secret" on CUES Skybox: *cumanagement.com/110118skybox*

"First-time buyers also have a lot of information available and can research both properties and mortgages online before initiating any action. Sites like Zillow and Redfin provide a wealth of information on schools, crime [and] walkability as well as tax data and mortgage payment calculators. Credit unions serious about mortgages need to assess how their lending site competes."

Deborah Ames-Naylor, former president/mortgage banking and corporate EVP at $23.6 billion PenFed Credit Union (*penfed.org*), Alexandria, Virginia, in "First-Time Mortgage Help" on CUES Skybox: *cumanagement.com/111418skybox*

Turn to the Experts

When you need outside expertise, connect with the best: CUES Supplier members. Our trustworthy, ethical and experienced vendors are dedicated to the credit union industry, and we make it easy to contact them.

Simply turn to the *CUES Annual Buyer's Guide* for a full list of our trusted vendors. Visit **cues.org/ABGuide**.

The information is at your fingertips—the next step is for you to take action.

Interested in becoming a supplier member?

Check out all of our Supplier Membership options, including our CUESolutions opportunities! Visit **cues.org/SupplierMembership**; or call **800.252.2664**, or 608.271.2664, **ext. 326**; or email **Kari@cues.org** today.

All CUES Supplier members adhere to the CUES Supplier Member Code of Ethics.