ONAPPROACH is now

trellance.

NEW NAME. SAME APPROACH.

DATA ANALYTICS FOR CREDIT UNIONS.

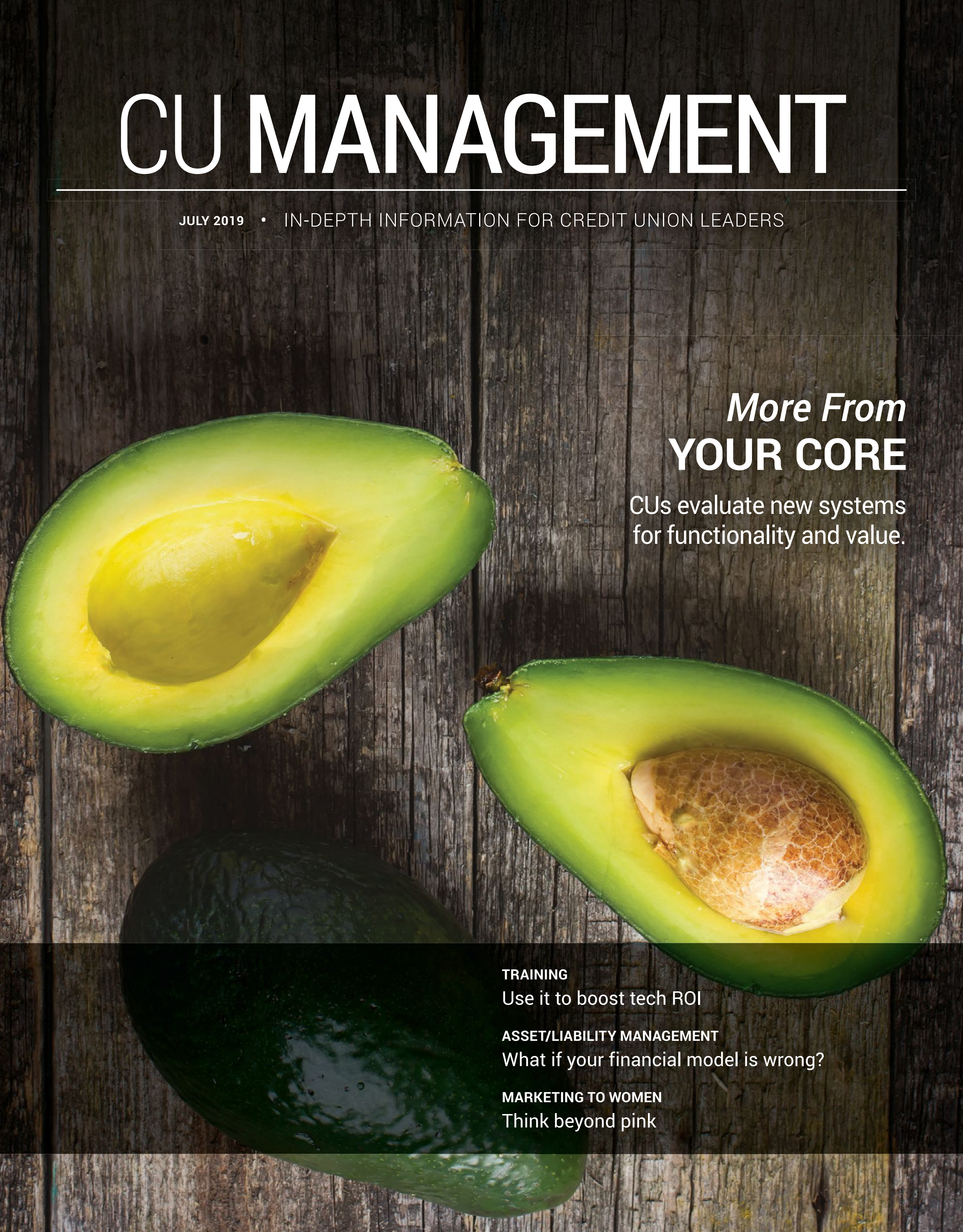
TRELLANCE.COM

ONAPPROACH is now

trellance.

NEW NAME. SAME APPROACH.
DATA ANALYTICS FOR CREDIT UNIONS.

TRELLANCE.COM



CU MANAGEMENT

JULY 2019 • IN-DEPTH INFORMATION FOR CREDIT UNION LEADERS

More From YOUR CORE

CUs evaluate new systems for functionality and value.

TRAINING
Use it to boost tech ROI

ASSET/LIABILITY MANAGEMENT
What if your financial model is wrong?

MARKETING TO WOMEN
Think beyond pink

Contents

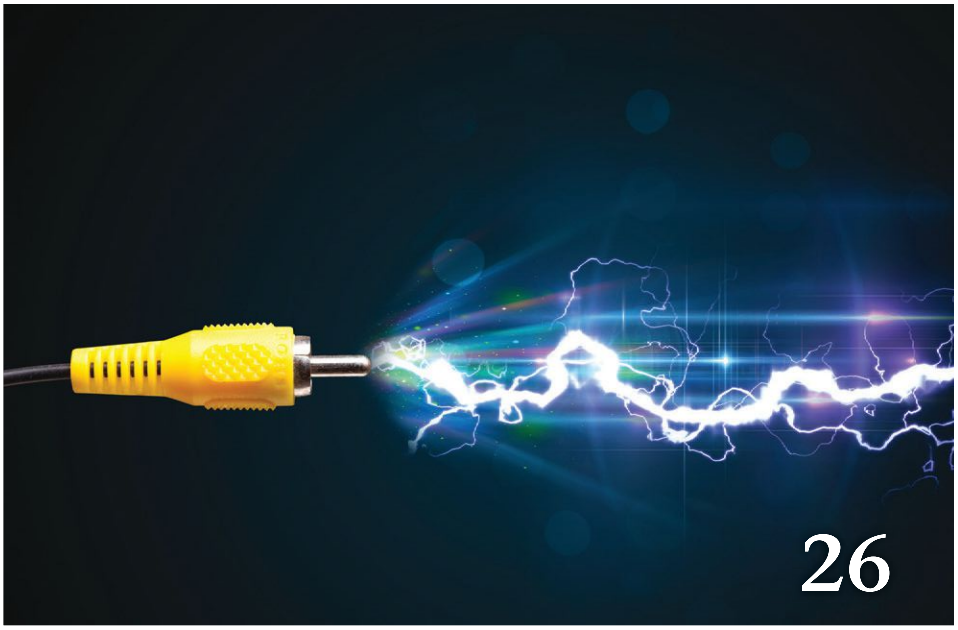
JULY 2019
VOL. 42, ISSUE 7

FEATURES

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

Contents

ARTICLES



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

Before You Switch Processing Systems

Core processors are often equipped with such a wide array of options that CUs may not be using them to full effect. An optimization review can improve utilization and efficiency.

cumanagement.com/0619switch

Video

How Can Flexibility in Your Foundational Experiences Boost Your Career?

Debbie Matz, former chair of NCUA, discusses her varied career path and offers advice on keeping your options open while pursuing your goals.

cumanagement.com/video052019

Online-Only Column

Loan Zone: Millennial Homebuyers Are Struggling

Millennials have finally entered the housing market, but it hasn't been easy for them. This generation reports exceptionally high levels of financial stress and regret regarding their home ownership. Here's how credit unions can help.

cumanagement.com/0619loanzone

CUES Podcast

Episode 73: How to Smash a CEO Interview

Are you ready to hit the ball out of the park in your interview for the top job? Deedee Myers, Ph.D., CEO, and Peter Myers, SVP, of CUESolutions provider DDJ Myers, provide guidance on making sure the CEO search ends with you.

cumanagement.com/podcast73

CU Management (ISSN 0273-9267, *CUmanagement.com*) is published monthly 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: *cues.org*. Periodicals postage paid at Madison, WI (USPS 0569710). Copyright 2019 by CUES. Materials may not be reproduced without written permission. Manuscript submissions and advertising are welcome. The appearance of an advertisement does not imply endorsement by CUES. Editorial opinions and comments in the magazine are not necessarily those of CUES.

Annual subscription rate for CUES members 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

WHEN DOES YOUR CU START TO CONSIDER A CORE SYSTEM UPGRADE?

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

The C Words: *Core Conversion*

In the 20 years that I have been writing for *CU Management*, one thing that hasn't changed at all is the sense of dread that comes with a core systems change.

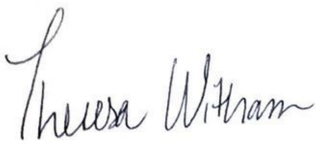
In these past two decades, you may have gone through multiple core upgrades or conversions without major issues, except perhaps too many sleepless nights and a few new gray hairs. I certainly understand if the last thing you want to consider right now is another core systems change. But for many of you, it is probably time to think about how to get more from your core. Consider the following questions:

Do you have three or fewer years left in your core contract? Is your CU heading in a new strategic direction? Do you need better systems bundling? Do any of these—or the four other scenarios in our cover story, "More From Your Core"—apply to your credit union? If so, turn to p. 14 and read on.

One of the main reasons implementing a new core system can be a headache is the disruption to members and staff. But with proper technology training, your credit union can alleviate some of that stress. "If you have educated employees on the front line who can easily answer their questions prior to, during and after the [core] conversion, it makes the transition a whole lot smoother," says CUES member Maria Rolston, chief administrative officer at $1.1 billion Franklin Mint Federal Credit Union (*fmfcu.org*) in Chadds Ford, Pennsylvania. Turn to p. 28 and "Developing Superusers" for tips and hints for employee technology training.

If core conversions don't scare you, what about this question: "What do we do if the financial model we've built our plans on is wrong?" But that's actually not the right question to ask, say experts. Here, in fact, a bit of fear will keep you limber. What you should be asking—and preparing for—is what to do *when* your models are wrong, not *if*.

"Forecasts are based on data, which is always historical, and on assumptions. Good data will be accurate, but assumptions are guesses, and when you assume the future will resemble the past, you're only probably right," explains Kathy Pearson, Ph.D., president/founder of Enterprise Learning Solutions Inc. (*elslearning.com*), Doylestown, Pennsylvania, and a faculty member for CEO Institute I: *Strategic Planning* (*cues.org/institutes*). Read more about what you should do when your financial model is wrong in "Bringing the Future Into Focus" on p. 18.



Theresa Witham
Managing Editor/Publisher

P.S. Start planning now for your—and your team's—2020 professional development. Your credit union needs strong leaders in order to thrive. Why not start off the new decade dedicating time to your career by completing the CEO Institute curriculum (*cues.org/institutes*) and earning your Certified Chief Executive designation? Visit *cues.org* for resources to help you create a plan to make the '20s your best decade yet.

Small CUs Advocate *for Their Needs*

Leaders of about 20 small credit unions in Washington state met with state regulators this spring to talk through ways to make examinations less burdensome and more useful. The meeting was a first step toward bringing together grassroots advocacy for CUs with less than $100 million in assets, says Scott Prior, CEO of $30 million Connection Credit Union (*connectioncu.org*), Silverdale, Washington.

The leaders have been meeting for several years, "but we wanted to do something, not just talk about it," Prior says. "Running our CUs requires us to keep both hands on the wheel at all times. We have to wear a lot of different hats, so unfortunately the advocacy hat working with local regulators and legislators doesn't come on very often."

Prior led efforts to help the leaders of small CUs connect with the new director of the Washington State Department of Financial Institution's CU division. About half of all CEOs of small CUs across the state joined the meeting in March in person or by phone.

Among the proposals discussed were assigning dedicated examiners who understand the needs of small CUs and focusing examinations of those institutions on their most likely risks, including a review of internal controls and special emphasis on rooting out actual or potential internal fraud. The group also discussed the potential efficiency gains for both credit unions and regulators in conducting the first half of examinations remotely with electronic submission of requested records and reports.

The credit union group is also looking for a pathway to make its case to National Credit Union Administration for regulatory relief that acknowledges the special challenges facing smaller financial cooperatives. Small credit unions are being merged out of existence, leaving few options in the communities they serve for members who rely on them, Prior contends. "Consumers are best served by a healthy mix of small, medium, large and mega financial institution choices. In some industries, other new enterprises are coming in to replace those that are going away. But with no new charters in the credit union industry, we're headed for zero," he warns. "We're waving a red flag, not a white flag, because we're not giving up."

Washington had 211 credit unions under $100 million in assets in 1990; those ranks have dwindled to 44. Prior suggests that small credit unions and their members rely on a relationship-based lending approach in which financial cooperatives lend to members with less-than-perfect credit who return the favor by repaying those loans even if they're struggling to pay other bills.

"If we're not here, many times those members don't get a loan. Their only option is subprime, high-priced loans," he says. "I don't believe enough attention is being focused on what happens when all the small credit unions are gone."

Read a longer version of this article at *cumanagement.com/0719small*.

LETTER TO THE EDITOR

SUPER BOWL ADVERTISING

I wanted to drop you a line regarding an article in the January 2019 issue of *CU Management*. On p. 26, the "Playing in a Bigger Arena" (*cumanagement.com/0119playing*) article mentions that Desert Financial FCU had a "marketing first" for the CU industry, via a regional placement in the 2018 Super Bowl broadcast.

I was surprised to read that this was a first, because regional Super Bowl placements have been a part of CEFCU's media mix in the Peoria-Bloomington regional direct market area since at least 2004, and possibly earlier. When production schedules allowed, we used that as an opportunity to premier new creative.

We would be glad to share what we are doing in the marketing space, if future articles allow.

Jennifer Flexer
AVP/Market Strategy & Analytics
CEFCU
Peoria, IL
cefcu.com

Editor's Note: *Thank you for your note, Jennifer! All our sincere apologies to you, CEFCU and all other credit unions that are advertising in your markets during the Super Bowl. We look forward to highlighting CEFCU's marketing efforts in a future issue and we encourage all credit unions to send us their stories and ideas at* theresa@cues.org.

"A digital transformation needs to be a culture-driven, ongoing fluid practice within an organization."

Tim Foley, VP/alliances and marketing at CUES strategic partner Think|Stack (*thinkstack.co*) in a video at *cumanagement.com/video031819*.

fiserv.

Phone: 800.872.7882

Email: getsolutions@fiserv.com

Website: fiserv.com

Twitter: @Fiserv

Tell us about a client success story.
We're immensely proud of the work we do with credit unions, particularly in digital. Hughes Federal Credit Union is a key example. The CU recently moved to a new digital suite from Fiserv that will allow the CU to integrate and manage both Fiserv and non-Fiserv solutions within its digital ecosystem. As the CU's VP/information technology says, "It is important that [CUs] offer a distinct set of digital banking and payments capabilities that set [them] apart from other financial institutions." Hughes has been transforming digitally for some time, earning recognition for its innovative use of Fiserv-powered biometrics in its branches.

What keeps your clients up at night?
The pace of industry change as it relates to member needs and wants, particularly in digital. The velocity of change is unprecedented, as Fiserv CEO Jeff Yabuki recently said at the largest-ever Forum client conference. CUs understand that they need to transform their strategies and leverage technology to create truly intelligent experiences. There is a sense of urgency around this, and CUs are looking to their partners for insight and help.

How does Fiserv make its credit union clients more successful?
We support our CU clients through a focus on continuing support, service and value. We operate more core systems and provide more surround solutions than any other provider because we are committed to serving credit unions. We also offer CUs a strong digital competitive advantage and provide strategic technology options that will allow any credit union to harness growth potential and provide excellent member experiences and service.

How is Fiserv making the credit union industry stronger?
Fiserv is strengthening the industry by supporting more CUs, on more cores and services, than any other provider. We have no plans to change this dynamic, and will continue to support the entire industry in technology, consulting and strategy via Raddon and, increasingly, through Fiserv Gives Back—our program for making a positive impact on the communities where we live and work through financial contributions, in-kind donations and volunteer service. We are also proud to sponsor Filene Research Institute's Center for Performance and Operational Excellence.

8 Omnichannel *Untruths*

DEBUNKING MISCONCEPTIONS ABOUT YOUR MEMBER EXPERIENCE STRATEGY

BY STEPHANIE SCHWENN SEBRING

A lot has been written about omnichannel: its importance, relevance and, for many, its absolute necessity for achieving optimal, personalized service delivery and marketing.

Today's favorite marketing buzzword includes altering strategies for communicating with members across the financial services industry. When successful, credit unions can enjoy a more intimate relationship with their members, exceptional dialogue and, hopefully, more leads and closed sales by providing a robust, consistent and engaging member experience across all channels. But before the omnichannel ideal can be attained, there are several myths to debunk.

MYTH NO. 1:

BEING SMALLER IMPEDES SUCCESS.

Naveen Jain, founder and president of CULytics (*culytics.com*), San Jose, California, and former VP/digital analytics at $12.6 billion First Technology Federal Credit Union (*firsttechfed.com*), also in San Jose, believes just the opposite—that being smaller and nimbler can be an advantage to achieving omnichannel marketing maturity.

"The problem is not the size of an institution; even the large ones can fail at omnichannel," says Jain. "It's the lack of a cohesive, thoughtful and credible strategy—of having no blueprint or omnichannel architecture—that leads to failure."

Craft an omnichannel marketing strategy so that goals are understandable and the processes manageable, advises Jain. This includes having a comprehensive strategy, organizational alignment and readiness, along with agreed-upon performance measures. Only then can a credit union designate categories from the marketing plan to focus on (i.e., auto loans, mortgages, CDs or financial planning) and implement an omnichannel marketing strategy to promote those categories across channels to boost member connections and value.

Credit unions, being inherently smaller than banks, are more adaptive than their larger counterparts and can move faster to serve members better, Jain notes. "This naturally translates to the omnichannel approach—if there is an appropriate plan that aligns the leadership team. While there may be budget restrictions, credit unions aren't [so easily] dragged down by legacy or diverse systems and layers of bureaucracy," he adds. "For leaders who feel frustrated in driving omnichannel maturity, these are good things to remember."

MYTH NO. 2:
TECHNOLOGY WILL MAKE OMNICHANNEL MARKETING SUCCESSFUL.

This is a regrettable misconception because technology can't guarantee success, says Jain. The omnichannel marketing strategy is significantly more important than the technology itself.

"If you get an average technology, you can still see results by having an A-grade strategy," he reiterates. "However, I have repeatedly seen A-grade technology implementation fail to deliver value because of a B-grade strategy."

By taking a thoughtful, more strategic approach, any size credit union can succeed in its omnichannel efforts. But it's critical to invest in the strategy *before* the technology, advises Jain, to craft a business value road map based on a CU's value proposition, member needs and desired key performance indicator outcomes.

Credit unions also often learn about and acquire new technology hastily. "Maybe they see a demonstration or attend a conference and get bitten by the shiniest or latest technology," says Jain. "They purchase it with high hopes but without a strategy. Here, the technology is doomed to failure. Leaders get frustrated and end up moving on to the next technology, creating an unfortunate cycle of lost opportunities and lost investments that do not provide value."

For optimal success, the first step is a discovery assessment to determine objectives. "This will help you to build the vision and strategy," explains Jain. "What are your organization's purpose and core competency? What is the vision aligned with that purpose and core competency? Then, how can omnichannel marketing help you to drive towards your vision? This may include building lifelong financial relationships with members of the community. If you don't know, go back to vision-building."

Also think about organizational resources. "How will you engage with business functions and find value? How will you measure that value? How will you manage the risks or challenges? ... Do you have the budget, manpower and hours to invest in it?" Only through appropriate reflection and debate can a CU choose the right technology and quantify its value, says Jain.

Finally, he suggests a three-pronged approach: 1) Start small; 2) move fast; and 3) think big. "Credit union professionals desire the right outcomes but lack time to devote to the strategy, and it is the strategy which will ultimately drive value for your organization," he says. "Step out from your daily routine to do some transformational thinking. Remember, technology is not the driver of omnichannel, only the enabler."

MYTH NO. 3:
OMNICHANNEL IS A DIGITAL SOLUTION THAT MAGICALLY TRANSFORMS THE EFFECTIVENESS OF ALL MARKETING.

The reality is that marketing is most effective when a credit union takes a holistic approach that crosses multiple channels—including digital but also the branch, call center and other outlets.

"Most think digital marketing is a panacea that will magically transform your marketing effectiveness," explains Tim Keith, chief

> **"Take baby steps with omnichannel. It can validate your assumptions along the way, while allowing the vision to be easier to fulfill."**
>
> – Kaushal Pandia

strategist for Baker Hill Analytics & Marketing (*bakerhill.com*), Carmel, Indiana. "To illustrate, an attractive credit card offer that is delivered through an omnichannel campaign does not suddenly make a 580 FICO a 780 FICO [score]. Credit unions must maintain the integrity of their targeting methodologies for true campaign success."

Lisa Huertas, chief eXperience officer at $190 million Texas Tech Credit Union (*texastechfcu.org*), Lubbock, Texas, agrees. "I think a crucial mistake some institutions make is in thinking omnichannel is exclusively a digital solution," she says. "Is digital included? Definitely! Is it everything? Not by a long shot. An organization desiring a true omnichannel experience has to be willing to look at every touch point. What does our physical experience look like? How does that align with our digital experience and vice versa?

"Having an effective digital presence is amazing and a crucial cornerstone of commerce today," Huertas adds. "However, if a member had an online or mobile engagement and then walked into a branch, would they feel the same, or would they be wondering, 'How can this be the same company?' Defining the key ingredients for *every* experience you want your members (and employees) to have, independent of the platform or channel, is key. From there, you can create seamless experiences, solve problems and execute strategy across an aligned ecosystem that delivers consistent excellence from every direction."

MYTH NO. 4:
AN IDENTICAL USER EXPERIENCE ACROSS ALL CHANNELS IS NEEDED FOR OMNICHANNEL.

"It's a fallacy to believe that omnichannel can or must offer identical experiences across all channels, that responsive design is the be-all and end-all for omnichannel and marketers," says Abhishek Veeraghanta, VP/marketing and product management for VSoft (*vsoftcorp.com*), Duluth, Georgia.

"By their very nature, channels must be independent of one another to achieve an optimal user experience," he explains. "Because for the member, the ergonomics and intended use of the channel vary greatly across the various touch points that are created."

Instead of striving for an identical user experience, Veeraghanta says a good omnichannel strategy is "having the user experience tailored to the device ... while also capturing and sharing the right data on the back end in real time. This needs to include tracking user behavior across various modules and understanding what functions are used more on mobile versus desktop or vice versa."

A CU can successfully deliver an omnichannel experience in a channel-specific manner—the information a member sees on a large desktop screen may not be exactly the information a member sees on a small mobile phone or hears through a voice interface, Veeraghanta explains. Rather, "the member should be guided down a path." Responsive design, which attempts to display the same data in a standard template that stretches or shrinks based on the device, should only be a backup plan in 2019, he adds.

However, crafting a data model that consolidates all data points across channels is critical, continues Veeraghanta. "The fewer back-end processes you need to manage separately, the more likely it is your data will be meaningful and actionable—which makes omnichannel possible. This entails understanding what key performance indicators you want to track and leveraging business intelligence platforms to effectively create demonstrable, data-driven action items as you work towards achieving strategic targets."

Many CUs struggle with this due to the challenge of limited time and resources, says Keith. "However, the right data model can help a credit union achieve results, as successful omnichannel marketing requires a disciplined commitment to the process and experience to know which data is most relevant and reliable." When an omni-channel data model is implemented correctly, Keith sees a consistent lift in response rates for clients, 20 to 30% on average, directly corresponding to the number of channels a credit union uses.

When tracking and analyzing omnichannel campaigns, Keith says, start with a benchmarking analysis using peer group data that is statistically meaningful and standardized into relevant categories, including product purchase rates and average balances.

"This lets a credit union compare its member base and campaign results with a normative peer group in categories such as response rate, household click rate and conversion rate. From there, a CU can build accurate projections on what an omnichannel program will yield in accounts and balances across product categories.

"The information captured should answer the question, 'What should we do differently as we move forward?'" Keith concludes.

Such analysis might suggest that one channel operates differently than another, but even so, Huertas notes that messaging should be consistent. "There is real power in having your audience reading, hearing and experiencing the same message across all channels," she says. "This requires your team to be speaking and engaging the same message in one voice—a unified experience delivered by a team passionate about the message, the process and the results."

MYTH NO. 5:

THERE IS A SINGLE RIGHT WAY TO ACHIEVE OMNICHANNEL.

Amy Hearn, VP/marketing for CUES Supplier member Allied Solutions LLC (*alliedsolutions.net*), Carmel, Indiana, stresses that this is a mistaken belief. "There are countless directions a credit union can take based on its members' needs, and this can make omnichannel complicated—and these complications can be enough to dissuade even the most optimistic credit unions."

But the worst thing a CU can do is to nothing, adds Hearn. It may seem overwhelming, but—as stated above—the first big step in achieving an omnichannel experience is to sit down and build a strategy based on your business goals. That means getting the right people in the room to have the right conversations. Bring in people from across the organization—like business development, product services and marketing—to best understand your members' needs. There isn't a one-size-fits-all approach, and what's right or successful for your organization may different from what works for another.

It's more along the lines of "one-size-fits-some," suggests Huertas. "While there are successful principles or ingredients that may be consistent amongst credit unions that have embraced an omnichannel strategy, 'how,' 'when' and 'where' we start or end is just as different as our organizations themselves. Baking in your organizational 'why' and 'what are we trying to solve' is the right way to achieve success in this approach."

Omnichannel is a journey, not a destination, Huertas notes. "As technology and our consumers evolve, some of our delivery vehicles will as well. But if we deliver with this philosophy at the core, we will simply be tweaking, not overhauling, the experience."

MYTH NO. 6:

OMNICHANNEL DIMINISHES A CREDIT UNION'S TRADEMARK OF PERSONAL, MEMBER-DRIVEN SERVICE.

"This often stems from wanting to stay comfortable in the ways of the past, but it's essential to meet your members where they are

Despite Its Challenges, *Omnichannel Delivery Upholds Member-Centric Principles*

CUES member Michelle Hunter, chief communications and experience officer for $1.4 billion Credit Union of Southern California (*cusocal.org*), Anaheim, believes that when true omnichannel service delivery is achieved, members can float back and forth between such channels as the branch, call center, ATMs, website and mobile app with all their progress and information seamlessly transferring along the way. "Omnichannel is very member-centric," adds Hunter, "which aligns with the people-helping-people philosophy of the credit union movement."

However, the reality is that omnichannel delivery can be challenging to achieve. Hunter explains that there's a high level of complexity that most third-party systems are not able to support across all channels. Plus, focusing on omnichannel service assumes that all channels are equivalent.

"I think it's safe to say that today, digital channels (i.e., mobile-first strategies) take priority over traditional channels," she suggests. "Resources could be better spent on creating exceptional, frictionless digital experiences. But I also don't believe members necessarily focus on 'channels.' Rather, they care about 'experiences' and will use whatever channel is most convenient for them to get the job done quickly and easily.

"Members don't want to expend a lot of effort to resolve an issue, open an account, get a loan, join the credit union or accomplish any other goal," Hunter continues. "Experiences within digital channels should be aligned and intuitive so that the experience is consistent and the credit union is easy to do business with."

By focusing on intuitive and easy experiences, especially within digital channels, Hunter concludes, credit unions can see greater returns than they would by spreading resources across all channels.

"Defining the key ingredients for every experience you want your members (and employees) to have, independent of the platform or channel, is key."

– Lisa Huertas

doing business," Hearn says. "Today, that's meeting your members in a wide variety of communication channels."

Reluctance or inertia can be major hurdles. "It can feel daunting to some marketers to disrupt the status quo, especially if ... things are currently going well," Hearn shares. "I've been in my marketing role at Allied for over 25 years, but to be forward-thinking and contemplate the future state of your organization, you have to be willing to try new things."

There continues to be a need for CUs to explore new communication channels to get ahead of member expectations and adapt to evolving needs, Hearn says, which can be accomplished through omnichannel. "At Allied, we've had to be bold with the change and engage with more digital tools and channels. Now, you find us utilizing social media, video, webinars, e-newsletters and text messaging."

MYTH NO. 7:
DOING IT ALL AT ONCE IS BEST.

There is an absolute need to grow through multiple channels, but like any initiative, trying to do too much at once can be crippling. "Instead, take baby steps with omnichannel," suggests Kaushal Pandia, chief product officer for Terafina Inc. (*terafinainc.com*), Fremont, California. "It can validate your assumptions along the way, while allowing the vision to be easier to fulfill."

Pandia notes that while improved digital experiences help CUs retain existing members and stay relevant, it doesn't necessarily *deepen* current relationships. But, he says, "implementing an omnichannel solution can help ... credit unions unify their digital strategy and provide consistent cross-channel experiences, resulting in *broadening* current relationships and attracting new members."

That doesn't mean you should strive to implement an omnichannel solution all at once. "Many software providers, including Terafina, offer pay-to-play modules which enable a credit union to add pieces of omnichannel onboarding," explains Pandia. "Try tackling one aspect of omnichannel at a time; perhaps focus on one channel—branch, digital or call center—for lead generation."

By taking incremental steps, a CU can also test and see what's working or not, at less risk to the organization. Pandia notes that rolling omnichannel out all at once, across all products and channels, is a mountainous task that impacts many legacy systems, people and processes—and for many institutions, is too much to handle.

"Roll out one or two products across one or two channels, ideally where strategic priorities lie; maybe it's consumer lending/deposits or small business lending/deposits or something else," he suggests. "Once that segment or channel is solidified, add another channel and product segment. Continue to progress or add portions until you've reached your goals."

MYTH NO. 8:
FOR MANY CUs, TRUE OMNICHANNEL IS UNATTAINABLE.

Not so, says Hearn, but it does require embracing risk for reward. "Members want banking options and accessibility, and they want a financial institution that demonstrates this flexibility. Omnichannel is a way for credit unions to speak to all audiences and thrive as a member-centric institution."

The industry is reaching a pivotal time when credit unions must figure out how they can best serve their members, she adds. That process includes planning for and embracing new technologies, effective communication tactics and aligning the right resources by channel.

"Always keep your mission in mind," concludes Hearn. "Credit unions want to better serve their members and, with an omnichannel ... strategy, their member-centric mission can be strengthened. Nobody is good at everything, so connect with a solid partner. And above all, listen to your members. Create opportunities for members to have an active voice so you can learn more about which channels are most effective."

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

MORE ON OMNICHANNEL

The Quest for Omnichannel Success (*cumanagement.com/0518quest*)

If 'Omnichannel' is Overused, Think 'Connected Devices' (*cumanagement.com/041718skybox*)

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

Marketing Tactics and Strategies From Three Experts' Perspectives (*cumanagement.com/podcast69*)

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

More From *Your Core*

NEED FOR ADDITIONAL FEATURES, VALUE OR CONNECTIVITY MAY DRIVE CORE SYSTEM EVALUATIONS.

BY KAREN BANKSTON

The core processing system still sits at the center of credit union operations, but it is becoming increasingly intertwined with other essential technology and subject to the ever-quickening pace of innovation. A variety of factors may lead your credit union to assess current system functionality and decide whether to begin a search for a new core provider.

YOUR CURRENT CONTRACT IS SET TO EXPIRE IN ABOUT THREE YEARS.

That time frame is typically when executives start asking, "Are we going to renew with our core vendor, or are we going to look?" says Brad Smith, managing director with CUES strategic partner Cornerstone Advisors (*crnrstone.com*), Scottsdale, Arizona, CUES' strategic partner for technology services. "And then a bunch of other technology decisions end up going back to, 'Well, that depends if we're going to stay with our core or replace it.'"

Three years may seem like a long lead time—more or less halfway through the term on a typical five- to seven-year contract—but that's how long it could take to conduct a thorough evaluation of system options and go through the conversion. "And if you decide to renew, you may renew well before your contract comes up to take advantage of better pricing," Smith adds.

Another consideration is that examiners and auditors often encourage credit unions that have been on the same core for 10 or more years to "just kick the tires and look at their options," he notes. "Some portion of the credit union leaders doing that end up saying, 'We like what we're seeing. Maybe we will make a change."

YOUR CREDIT UNION IS HEADING IN A NEW DIRECTION.

Contract expiration is not the only trigger for investigating a new core system. In assessing current and future needs, Teri Van Frank, president/CEO of CUES Supplier member Share One (*shareone.com*), Memphis, Tennessee, a CUSO and core processing system provider, suggests that credit unions take a big-picture view: Where are you growing? What are your plans for your markets? What member-facing products do you plan to introduce or enhance? How stable is your current core system and ancillary products? Are you considering a merger, as either the continuing or merging institution? Are you changing your charter to SEG-based, community, federal or state?

"Very few cores don't meet the baseline of functionality. ... So the differentiating factor comes down to how proactive they are in the relationship. Are they by your side in strategic planning? Are they willing to offer the flexibility to come to the table with questions and suggestions, beyond meeting service standards?"

– Matt Lefler

"You have to bring the core along on all those changes, like adding new SEG groups or changing forms and websites in the case of a new charter," she notes. "Your core system has to be right there with you to make you more successful."

Big-picture market trends require credit unions to be more nimble in responding to significant shifts, says Ranganathan Sathianarayanan, chief product officer for Temenos North America (*temenos.com*), Malvern, Pennsylvania. That leads to an important question: Could your core system facilitate a strategic shift on the technology front?

"You can't lose sight of your current needs while thinking about the future—and vice versa. You start by looking at the pain points," Sathianarayanan explains. "The driver for change can be functionality, if your core system doesn't meet your requirements. It could be around [new] technology. Everyone's talking about open APIs, cloud-native tech to increase agility and continuous deployment. The leaders in the new era of banking will innovate faster, with shorter innovation cycles—so short they become continuous. Credit unions should ask, how does the current core support these requirements?"

In assessing current core performance and future needs, the vendor relationship is a key consideration, suggests Matt Lefler, VP/remover of road blocks with CUES Supplier member Enhanced Software Products (*espsolution.net*), Spokane Valley, Washington. "Very few cores don't meet the baseline of functionality, like supporting real-time ATM and debit transactions and mobile applications. So the differentiating factor comes down to how proactive they are in the relationship. Are they by your side in strategic planning? Are they willing to offer the flexibility to come to the table with questions and suggestions, beyond meeting service standards?"

YOU'RE CURIOUS ABOUT WHAT OTHER PROVIDERS HAVE TO OFFER.

Recent changes by the major core systems in the credit union sector, Fiserv's DNA (*fiserv.com*) and Symitar (*symitar.com*), include upgrades in both core systems and associated product offerings, Smith says. Meanwhile, Corelation (*corelationinc.com*), a third major credit union core provider that premiered a decade ago with a model that emphasizes user experience and third-party integration, "is now competing effectively with the two bigger vendors."

The evolution of core processing system capabilities, architecture and capacity to provide data and facilitate data analysis warrant careful consideration of each provider's current and future direction in supporting CUs to compete and maintain a sustainable business plan, says Bret Weekes, CEO of CUES Supplier member CUProdigy (*cuprodigy.com*), Layton, Utah.

"The requirements of adaptability for delivery have changed a lot over the last couple decades. I have been [working with] credit unions for 30 years on the technology side, and that cycle of innovation continues to accelerate," he reports.

Weekes suggests three major areas that credit unions should consider in assessing core systems and providers: (1) the technical architecture and functionality of the system, (2) the road map for continuing development of services, and (3) the provider's business model. Publicly held companies have a different model than a CUSO's commitment to cooperative ownership, he notes.

With the momentum and pace of change in the market, credit unions should take a look at new products and trends in the digital marketplace at least annually, with a core system review every three to five years, Sathianarayanan recommends. That's not to say digital or core solutions should be replaced often, but credit unions will likely reach a tipping point where it makes sense to change. By instituting periodic checkpoints, they can ensure they're not late to the game.

Changing digital banking systems that facilitate online and mobile access may also influence decisions about whether to stick with or switch core providers. For example, if managers think they've outgrown their current digital banking solution that came packaged with their core system, they may consider switching both systems at the same time.

Credit unions should go into a core search with clear expectations about what they'd like the system to do but at the same time be open to the possibility that vendors "often do things differently and those differences may be better than what you envisioned," Smith recommends. "Sometimes incremental improvements are perfectly fine, and sometimes you may be ready for something revolutionary. Be open-minded going into the process, without losing the discipline of making sure that your baseline is covered."

YOU WANT TO BE ON THE LEADING EDGE OF TECHNOLOGICAL SHIFTS.

As one example, cloud-based systems are not only feasible today, but may offer an operational advantage, Weekes says. And in the near future, credit unions should expect their core providers to be working toward predictive analytic capabilities that combine data from the core and other systems.

Though no U.S. financial institution has migrated entirely to cloud computing, that could well become a future standard, Sathianarayanan notes. "When you decide to replace your core provider, you're not looking out over the next five years. You're looking out 10 or 15 years, and definitely in that period, most financial institutions will have some aspect of their core processing happening in the cloud. We need to embrace these changes."

This technological evolution has implications for hardware infrastructure and software costs. Credit unions can't match the revenue base of national banks to support big technology buys, so they need to be more efficient with their investments. Cloud solutions reduce the need for infrastructure, allowing credit unions to do what they do best—serve their members. The more they can leave infrastructure management to their core provider, the more they can focus on growth strategies, he says.

In addition, cutting-edge core systems should support real-time account monitoring "so that we understand what members are trying to do and send the right messages to the right members at the right time," Sathianarayanan adds. "Artificial intelligence can be built into the core to better understand members' transactions and interactions in a way that makes future interactions easier and more efficient."

YOU WANT A CORE THAT COMES BUNDLED WITH KEY SYSTEMS …

Some credit unions favor core providers that bundle digital services, item processing, payment processing and other systems as a package deal. An "all-in-one solution" often offers discounts and is especially attractive to credit unions with small IT shops and those that don't want to manage multiple vendor relationships and integrations.

When selecting a new core, one of $230 million Sunbelt Federal Credit Union's requirements was that the provider handle all basic functions, from accounting and deposit accounts—including IRAs—to loan origination and in-house credit card processing. The Hattiesburg, Mississippi, credit union (*sunbeltfcu.org*) is set to switch core processing to Share One in March 2020.

"If you have more robust needs and need a separate lending system, then by all means, but a core should be able to handle loan processing efficiently," says Sunbelt FCU President/CEO and CUES member W. Christopher Hammond. "And Share One hosting our credit cards makes it easier for members, because they can see their up-to-date credit card information and make real-time payments … alongside their other accounts."

The upcoming conversion will be the second since Hammond joined Sunbelt FCU in 2011. At that time, "the board was interested in offering some new services and products to the membership," he says. "I told them, '… On our current core system, we just can't afford to do some of the things you'd like to do, based on the price per member and the way our online systems are structured, and … we don't have the ability to customize the system the way would like it to be.'"

That first core search came down to two providers, CBS and Share One. Sunbelt FCU went with the former's CAMS-ii (*camsbycbs.com/camsii*), a browser-based system, which Hammond describes as "a very efficient system for credit unions that are not trying to do outside-the-box things. But we're not your average credit union."

Sunbelt FCU plans to automate some manual processes through its main system. While its current core system could accommodate most of those plans, the provider "couldn't keep up with the custom programming we were looking for," he explains.

When the credit union went back to Share One in its most recent search, a key question was, "You've had several years … What have you done since then?" Hammond notes. "We were very impressed that they had taken a lot of our original suggestions and incorporated those into their system. That was how we came full circle and went back to Share One. They will be providing the custom programming we need going forward."

One example of that customization is integrating both check and cash deposits through the CU's ATMs. The current system scans checks, submits those images for deposit, integrates the deposits with the core system and consolidates them into the credit union's cash letter. With the new core, the system will recognize cash deposits as well as checks through a more efficient, integrated system and allow immediate funds availability to benefit members.

Sunbelt FCU's new core provider is also working on programming for adding collateral protection insurance monthly premiums to auto loan balances and for automating the posting of deposits or loan payments made with other financial institution debit cards either online or through the call center.

Among the bigger core providers in the industry, Smith notes, CUES Supplier member Fiserv has made several investments in its digital suite with the recent addition of Architect, a digital banking and payments offering, and Originate, a web-based account creation offering, and is rebranding its digital product portfolio around DNA as Digital Edge. And with its acquisition of First Data Corp. (*firstdata.com*), Atlanta, Fiserv is expanding its payments business, bolstering a struggling credit card platform and adding merchant services. Jack Henry/Symitar recently acquired Ensenta (*ensenta.com*), Redwood City, California, to expand its mobile payments offering and BOLTS Technologies to integrate its digital account opening solution.

Fiserv and Symitar "make significantly better margins in payments, so they really want to connect payments with their core systems," Smith says. "This is interesting and a little concerning, because the market of third-party competitors is shrinking pretty quickly as the big core providers are grabbing them up. We'll see what the long-term implications of that are. But the big-picture strategy for the core vendors is to try to bundle in payments, digital and core with as many customers as they can."

… OR VICE VERSA

Other credit unions adhere to a "best of breed" strategy—choosing different providers for their internet and mobile banking, payment processing and lending solutions—and figure out "how to cobble those systems together," notes Smith.

> **"Sometimes incremental improvements are perfectly fine, and sometimes you may be ready for something revolutionary. Be open-minded going into the process."**
>
> – Brad Smith

Contending that "all cores basically offer the same functions," Lefler suggests that the greater evolution in this area "is in the integration and the opportunities to grow the credit union's technology ecosystem. Core systems really should be giving credit unions the ability to plug in whatever other products they need to be successful.

"The idea that one core can provide all the technology to compete in the fast-paced fintech space of today—we don't believe that's realistic," he adds. "We know we can't be all things for everybody. We need to provide an efficient core that supports the integration of other systems."

Toward that end, ESP has worked in recent years "to make more of the core available to the outside" by offering more integration opportunities available to third parties through APIs and web services and allowing vendors to have more control into the credit union's core business logic, Lefler says.

The vendor landscape is continually shifting to give credit unions more options and flexibility in the products and services they offer their members, and Van Frank agrees that core providers need to keep pace in their capacity to integrate with those systems.

For example, Share One's NewSolutions core system recently integrated an interface to the FDIC to support mortgage lending and new capabilities from Topaz to facilitate members signing legal e-documents on mobile devices and signature pads. While about 85% of Share One's client credit unions use its proprietary NS3 line of digital solutions (NSHome, NSMobile and more), it also offers APIs to help credit unions interface with other systems if they decide those products are a better fit, Van Frank explains.

Contract terms for the core and other systems are major determinants for "unbundled" credit unions in the timing of a core search, Smith says. If a financial cooperative's contracts for core and digital services are set to expire about the same time, it can coordinate those searches more easily—even if the conversion timing gets a bit ambitious.

"But if your digital vendor contract expires two years after core, then you're probably going to change core first and then change digital later, so it can be challenging to line that up," he notes. "But most of the time, executives—if they're looking at their core vendor—at least want to hear about that vendor's digital strategy and product road map. Even if they're perfectly happy with their third parties, they'll at least hear about their core provider's digital and payments product functionality and pricing."

TECHNOLOGY REQUIREMENTS ARE SHIFTING.

Credit unions need to keep an eye on regulatory and market requirements that affect core processing, Sathianarayanan says. The Federal Reserve Banks will be migrating to the ISO 20022 standard for real-time gross payment clearing and settlement over the next few years, so credit unions may need to change their payment systems—and their core systems will need to integrate with any new payment rails.

The European GDPR rules and the open banking system of providing consumers with a network of financial institution data through APIs will have an impact on U.S. financial institutions as well, he adds. Credit unions need to start preparing for those changes now and study the potential to monetize the sharing of transactional data.

Vendors may also change their priorities over time. For example, a CU's core system might be bought by another company or go from a leading product to one that's more secondary. Both scenarios could lead to decreased support.

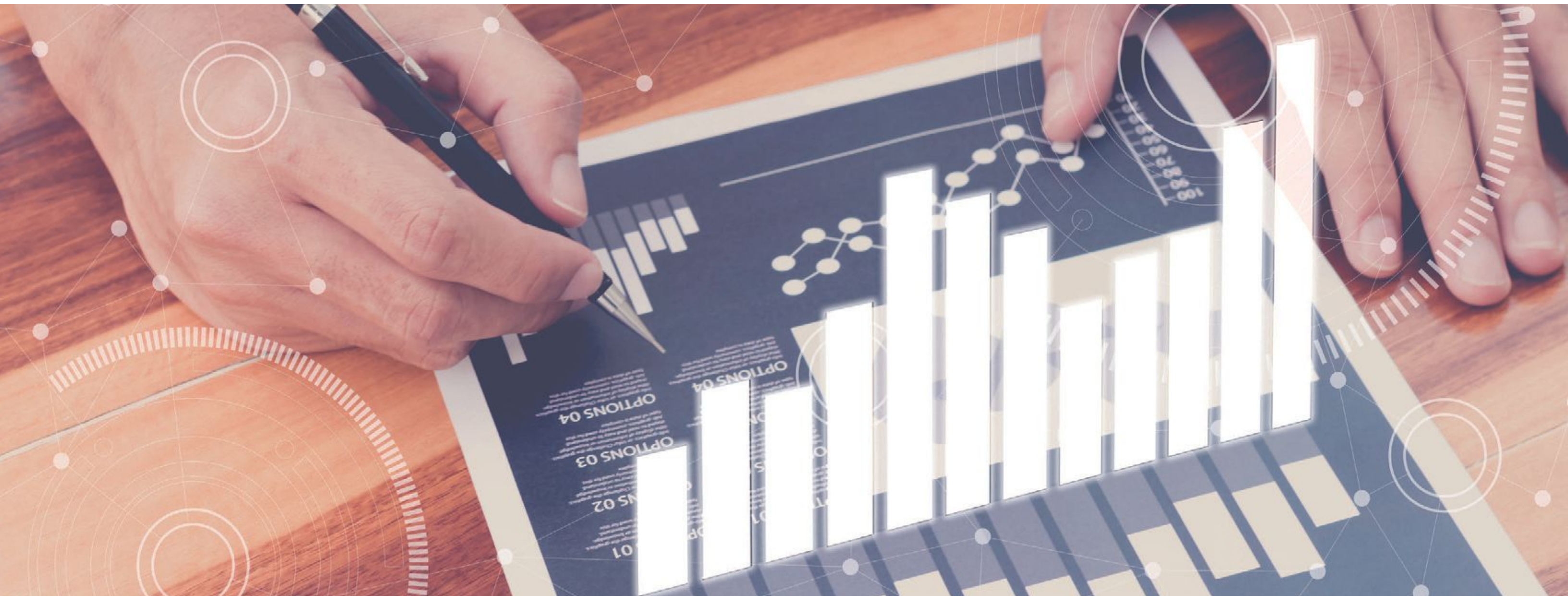
A final across-the-board consideration in assessing core performance and future needs is pricing, says Smith. Some credit unions might be focusing on cost containment fueled by pricing pressures in the current rate environment, leading them to look for ways to contain core costs and/or get more value from those systems.

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 CORE PROCESSING

The New Financial Ecosystem (*cumanagement.com/0618new*)

Fitting the Core to the Pieces (*cumanagement.com/0217fitting*)



Bringing the Future *Into Focus*

WHAT TO DO WHEN YOUR FINANCIAL MODEL IS WRONG

BY RICHARD H. GAMBLE

It's scary to find out that you'd answer "yes" to the question, "Is the financial model we've built our plans on wrong?" But it turns out that's the wrong question to ask, experts say. Instead, CU leaders should be wrestling with the broader question of"What should I do when our financial model is wrong?"—because at some point it surely will be.

"Expect models to be wrong," advises Jerry Boebel, consulting services senior manager at ProfitStars (*profitstars.com*), Allen, Texas. "They're predictive, so they can't be accurate, but they can give insight into what's happening."

Financial modeling for credit unions is not about being right; it's about making the right moves when the model starts to show that you're wrong and why you're wrong and just how wrong. And modeling, when linked to strategic planning, should keep you from being very wrong if you put in informed assumptions, consider an appropriate range of possible outcomes and make timely course corrections.

Think of financial modeling as a process, not a product, advises Kevin Chiappetta, president of QuantyPhi (*quantyphi.com*) and SVP/investment services at $2.5 billion Corporate Central Credit Union (*corpcu.com*), a CUES Supplier member in Muskego, Wisconsin. "It's the discipline of running multiple outcomes based on multiple assumptions and understanding the impact they will have on capital, earnings and risk. It's a process of constantly looking ahead and looking back and making adjustments to align assumptions with changing reality. There are software tools you can use to do the calculations, but the process is more than the tools."

Models start by showing the consequences of a decision in the current financial environment but then show the potential future consequences under a variety of environments, explains John Myers, president and principal of c. myers corp. (*cmyers.com*), Phoenix. For example, CU leaders could see the immediate impact on the cost of funds of offering an adjustable-rate CD, then see what the impact would be under a wide range of rate environments and yield curves, and how that impact could be affected by the index chosen and repricing points, he illustrates.

Modeling can aid defense or offense, as $1.2 billion Arkansas Federal Credit Union (*afcu.org*), Jacksonville, found out. When its ProfitStars ALM model showed a devaluation of the balance sheet in a rising-rate environment, CUES member Eric Mangham, SVP/CFO, took notice.

One culprit was the 15-15 mortgages it had been booking (30-year mortgages that repriced in 15 years). So the CU stopped writing them and went with variable-rate mortgages that repriced more frequently to reduce interest-rate risk, he reports. That was a defensive move.

The model also showed that non-maturing deposits stayed longer than Mangham and his staff of two had assumed. That promised stronger liquidity and gave the CU confidence to increase its loan-to-deposit ratio and invest in longer-term assets that carried slightly higher yields, he explains. It supported a more aggressive offense.

Arkansas Federal CU outsources a quarterly run of the model to ProfitStars, then follows up with monthly in-house runs since it has the software on its own server. "We want to tap their expertise, particularly on regulatory impacts," Mangham explains, "so we're using a hybrid outsource/in-house solution for now."

TAINTED ASSUMPTIONS

Models go wrong when the assumptions put into them are wrong, Myers emphasizes. Assumptions are the Achilles heel of modeling. "Forecasts are based on data, which is always historical, and on assumptions," explains Kathy Pearson, Ph.D., president/founder of Enterprise Learning Solutions Inc. (*elslearning.com*), Doylestown, Pennsylvania, a faculty member for CEO Institute I: *Strategic Planning* (*cues.org/institutes*). "Good data will be accurate, but assumptions are guesses, and when you assume the future will resemble the past, you're only probably right."

Real estate growth was one assumption that confounded financial planners in the Great Recession, she recalls. "You could model for various growth rates, but the range stopped at zero. When the real estate growth rate actually became a negative rate, there was literally no place in many models to put a negative number because the modelers assumed that would never happen."

Understanding your assumptions is critical, Pearson stresses. "Write them down. See them as an uncertainty to which you have assigned a value. Recognize what factors could make that value change, and watch for them. Revise your forecasts quickly by adjusting your assumptions."

But making assumptions is still valid and necessary because change usually evolves and trends can be projected to anticipate a future that doesn't look much like the past, Pearson points out. Automobile loans could be a case in point. Historically, the birth rate was a reliable indicator of future demand for cars—more people meant more drivers, she observes. Now fewer and fewer young people own cars or even get driver's licenses. "That's a trend that automakers and auto lenders can and should model," she says.

Businesses necessarily still make strategic plans and use models to plan intelligently, then move confidently to execute those plans, Pearson says, but planners today need trust their models less because of growing uncertainty about what to assume.

If the world is becoming less stable and predictable with greater chances that a model will be wrong, that just makes scenario planning more valuable, argues Jarrad Roeder, principal at Heidrick Consulting (*heidrick.com/what-we-do/heidrick-consulting*), part of Heidrick & Struggles, Chicago. "The greater the uncertainties, the greater the need for scenario planning," he insists. "But because the pace of change and disruption in the market is reducing our visibility into the future, what we used to think might happen in 10 years now routinely happens in just three or four.

"It's better to be approximately right than precisely wrong," Roeder says. And he thinks that scenario planning is the answer to the limitations of modeling, which he identifies with sensitivity analysis, or "micro planning," a tool for accounting for small changes across a number of variables over time. Scenario planning, for Roeder, is "macro planning," a tool for "thinking about fundamentally different future worlds where a credit union could end up," he explains. "In sensitivity analysis, you change the variables within a model. Scenario planning explores changes to the fundamental structure and assumptions that underlie the model.

> **"Revise your forecasts quickly by adjusting your assumptions."**
>
> –Kathy Pearson, Ph.D.

"Either way, the goal is to imagine a range of possible future operating environments in which a credit union could survive and then build a plan that is flexible and resilient within those boundaries," he says. "You need to start with multiple scenarios of what the future might look like and what it would take to win under each scenario. Then you work backwards from there into a set of capabilities and investments that are robust across a range of different futures. Leaders then have to decide how much to bet on an activity that would thrive under one scenario but lag under others."

UNAVOIDABLE TROUBLE

Even best practices don't guarantee success. "There's no way to assume for something that has never happened," ProfitStars' Boebel points out. "The 2006-2007 real estate crisis was a black swan. Credit unions used modeling to forecast delinquencies and credit risk, but the reality was much worse than anyone figured in their assumptions."

And even swans in shades of gray can throw off models. Interest rates pose a telling example of a recent situation where a lot of models were wrong, Chiappetta notes. The economy was improving. Corporate taxes were down. Unemployment was falling. The Fed was publicly committed to continuing a series of quarter percent increases. Assuming interest rates would continue to rise looked like a safe bet. Models showed that CUs could enjoy that increase if they invested in variable-rate securities.

Only they were wrong. The Fed unexpectedly paused.

"It turned out that fixed-rate securities would have had a higher return," Chiappetta points out. It's rare that the calculations are wrong, he explains. The outcome is off usually because the assumptions were off. "The model simply projects what to expect if your assumptions are right," he observes.

A taxi medallion lender, for another example, could have modeled for credit performance and loan demand, Chiappetta notes. They would naturally have made assumptions within a range based on historical experience. The assumers might notice when the first Uber drivers start to pick up passengers. They might later gather trend data and project Uber and Lyft growth, which would change their assumptions. Then they would see shocking model results. But just because a corrected model sounds an alarm doesn't mean there's time to turn the ship around, he points out.

MORE ON PLANNING AND FINANCE

Scenario Planning and Your Financial Future (*cumanagement.com/0519scenario*)

CFO Focus: Infusing Finance Throughout the Credit Union (*cumanagment.com/1018cfofocus*)

Reformulating CUs' Margin Model (*cumanagement.com/0319reforumating*)

CEO Institute I: *Strategic Planning* (*cues.org/institutes*)

CUES School of Applied Strategic Management™ (*cues.org/sasm*)

Financial modeling is "a process of constantly looking ahead and looking back and making adjustments to align assumptions with changing reality."

– Kevin Chiapetta

COMMON MISTAKES

A financial model is only as good as its reach, notes Dustin Wright, VP/senior consultant at c. myers. "It's a mistake to focus just on margin volatility and market value," he explains. "You need to weave together all the factors that affect the credit union as an ongoing business concern. Risk quantification in silos is exactly what financial models should prevent. As history has taught us, bad things don't usually happen in isolation."

Three common mistakes that make model results unreliable, according to Wright:

- **Not enough attention to liabilities.** Members have options. Assuming that deposits will stick is unrealistic.
- **Not enough preparation for large credit losses.** Few credit unions include the impact of losses exceeding current reserves, in spite of lessons taught by the Great Recession.
- **Failure to aggregate risk exposures.** Risk/return decisions have to be based on the aggregate exposure of key risks a CU is exposed to. A good model helps a CU see whether it should be taking more or less risk across the business model.

But aggregated data has its blind spots, Boebel cautions. "It covers up exposures at the instrument level," he notes. "The more granular the data going into the model, the more accurate the output will be. Take advantage of all that computer power and feed it granular files."

One piece of good news: The software available for modeling is robust, sophisticated and nearly up-to-date. "There are very good tools out there," Pearson notes "There are a lot of financial modelers at Wharton (where CUES' CEO Institute I is held) and other business schools. They are brilliant, and a lot of the modeling technology works across industries, so credit unions can benefit from models for everything in finance."

MODELS AND STRATEGIES

Most often, models don't drive strategy but challenge it, according to Boebel. For example, if a CU decided the time was ripe to expand its credit card portfolio, a strategy normally would be hatched by marketing and lending executives, using their market savvy and intuition, he explains. Then finance would come to the table—probably a CFO or controller skilled in the use of modeling—with a lot of questions:

"You set a goal of $50 million new credit outstandings. What if you only get $30 million? How would you increase the campaign? Lower rates? Lower credit standards? Rewards? Affinity programs? How would these affect the net income and delinquencies?"

The financial analysis would bring out the assumptions behind the strategy and run them through a model, producing a range of consequences for top management to consider before making a final decision, Boebel explains. "The proposal would reflect what the planners want to happen. The model would reflect what might happen instead."

You should model to get the optimal impact on the balance sheet, Chiappetta says. "You forecast the impact of multiple investment portfolios, for example, looking for repeatable, durable balance sheet performance. The credit unions that do it best get consistent results year after year, and they get those results by thorough, exhaustive modeling."

The test can come when short-term tactics produce better results than long-term models suggest, Chiappetta warns. "If the balance sheet needs five-year funding but two-year funding is cheaper, credit unions will sometimes make a wrong decision," but that is a test of management, not modeling, he points out.

Financial models are based on complex mathematics, but output needs to be delivered on dashboards as simple graphics, Myers insists. "Heat maps can highlight risk/return tradeoffs and what parts of a strategy will help or hurt the credit union in different environments," he reports.

Boebel offers a final piece of advice: Get an independent third party to review your process every two or three years. "They could spot weaknesses you might miss."

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

Dean Young

Title: EVP/Chief Experience Officer

Company: PSCU

Phone: 844.FOR.PSCU (844.367.7728)

Email: moreinfo@pscu.com

Website: pscu.com

What makes PSCU unique?

Our unparalleled commitment to the member experience sets PSCU apart from other credit union service organizations and financial services providers. As the nation's premier payments CUSO, PSCU makes it a priority to put the member experience first.

CUSOs play an integral role in the CU system by facilitating collaboration, a key cooperative principle. A CUSO is a true partner, committed to elevating CUs' "people helping people" philosophy.

PSCU helps Owner CUs take advantage of opportunities and solve problems. PSCU's 2,200 employees are extensions of our Owner CUs' resources, helping them achieve their financial goals and delivering seamless member experiences.

Partnerships with CUSOs like PSCU empower CUs everywhere to offer competitively priced and innovative products and services that make a real difference in members' lives—at the critical moments in life when their members' needs are the greatest. From enhancing the payments user experience at the point of sale or during online purchases to helping combat fraudulent activity, PSCU recognizes the total experience of card usage and consumers' interaction with their financial institutions is of the utmost importance. That's especially true in today's interconnected digital world, where members' expectations are constantly shifting and changing as a result of innovative technology and new channels of operation.

PSCU has a team dedicated solely to the member experience, as well as multiple executives on boards committed to amplifying and elevating the movement—including America's Credit Union Museum, the National Association of Credit Union Service Organizations and the National Credit Union Foundation. Additionally, almost 50% of our employees have completed training developed in partnership with NCUF. As a CUSO built by and for CUs, PSCU believes our employees must understand the movement and align with its purpose.

We know that growing member engagement and interactions through an unparalleled member experience is what creates the credit union difference. This commitment is what makes PSCU unique, and we live this commitment every day.

Keys for *Succession Planning*

EXECUTIVE BENEFIT PLANS ARE AN EFFECTIVE TOOL FOR RETAINING CURRENT AND FUTURE LEADERS.

BY DIANE FRANKLIN

A key to good succession planning is to retain your most valued employees. Credit unions have long seen value in using executive benefit plans, including such supplemental tools as deferred compensation, to compel their CEOs to stay. However, these plans are increasingly being used to help attract and retain other top-level executives as well.

"When a credit union hires a CEO, it's pretty commonplace to include an executive benefit plan as part of their package," says Bruce J. Bauer, senior executive benefits specialist for CUNA Mutual Group (*cunamutual.com*), Madison, Wisconsin, CUESolutions provider for executive benefits and retirement solutions. "What we're seeing ... is that other C-suite people are also getting an executive benefit plan as credit unions seek to retain those key people that are important to building their future."

Competition for top talent is a primary reason for creating executive benefit plans for a broader range of employees. "You want to retain and reward those individuals for doing a good job for the credit union," Bauer explains. "And as the CU grows, you can use executive benefit plans as a recruiting tool to attract the talent to help you build on the strategies you have in place moving forward."

Tom Telford, national director of sales/executive benefits practice for CUES Supplier member BFB Gallagher (*bfbbenefit.com*), Charlotte, North Carolina, reports a talent shortage that is driving the expanded use of executive benefit plans.

"The larger and more complex the organization, the more likelihood that you'll be covering multiple leaders throughout the organization," Telford says. "It's more common [and important] than ever for credit unions to go deeper into their ranks to try to retain those people they want to stay.

"There's also the concern that the CEO is retiring and some of the direct reports who are applying for the job might leave. If there are three to five internal

candidates, the job can only go to one of them, so how do you retain the … candidates who don't get the job?"

In this situation, your executive benefit plan can encourage candidates to stay during a transition. While the retiring CEO is likely vested today, "you may have … direct reports whose executive retirement plans don't vest until six months in the future," Telford explains. "Setting it up this way allows for continuity in the business processes and day-to-day operations as well as some transfer of knowledge before any of these folks leave."

Bauer poses a longer-term planning scenario: "If your CEO is planning to retire in five years, you may want to put a plan in place that's going to have a distribution payout in seven years for your key people in the No. 2, 3 and 4 spots. … They have an incentive to stay, and you're able to build off that for the future."

The vesting schedule should be a topic of discussion between the board and outgoing CEO, notes Peter Myers, senior vice president for DDJ Myers Ltd. (*ddjmyers.com*), Phoenix, CUESolutions provider for succession planning and executive recruitment services.

"The tightness of the vesting schedule and CEO transition has strategic implications," he says. Boards must answer the question, "What is the best way we can structure and incentivize our top talent during the most important leadership transition we'll experience as an organization?"

COMPENSATION PHILOSOPHY

Telford concedes that a segment of credit unions is opposed to using executive benefit plans because they consider them to be too costly or believe their executives are already well-paid.

"Their philosophy is that compensation in all forms is an expense; it's a liability to the organization and is a cost to their members," Telford says, whereas the philosophy of organizations that adopt executive benefit plans "is that this is an investment in our human capital that will provide a return to the members in the form of long-term, sustainable and profitable growth."

Boards that won't consider implementing such executive benefits as supplemental executive retirement plans are "missing the value of using them as a recruitment tool," says Myers. "In the beginning of a CEO succession and/or search process, we find out the board's appetite for attracting the best possible talent. … Boards that are not open to implementing a SERP … are significantly narrowing the talent pool from which they can recruit."

A RETENTION STRATEGY

The need for better retention strategies for top executives has become especially important in an era in which the pace of retirements is accelerating. A statistic from the Pew Research Center highlights the challenge: Every day, 10,000 people are reaching the traditional retirement age of 65 (*tinyurl.com/yyaxar7z*).

"With all those people retiring, there's increased competition for executives," says Yvonne M. Evers, founder/CEO of SUCCESSIONapp LLC (*successionapp.com*), Madison, Wisconsin. "If you have a high-performing CEO, you should do what you can to keep them at the credit union until they retire."

The heightened pace of retirements, coupled with a tighter labor market, has brought about a talent shortage not just at the CEO level but in other high-level positions as well.

"One thing I find quite often at credit unions is not only is the CEO nearing retirement age, but so is the entire executive team—or at least, quite a few members of the executive team," Evers says. As a result, "a lot of boards are looking outside the credit union for CEO candidates as well as considering internal candidates."

"Boards that are not open to implementing a SERP … are significantly narrowing the talent pool from which they can recruit."

– Peter Myers

A way to develop internal candidates is to use a tool like Evers' SUCCESSIONapp, which identifies the competency gaps of potential successors and puts together professional development plans to address those gaps. Coupling such tools with monetary incentives to retain those candidates will better position the CU to address the need for future leaders in the succession planning process.

Bauer reports that CUs looking to retain their CEOs and other high-level executives—or, eventually, those currently in the leadership development pipeline—until retirement will typically look at three primary SERPs: 457(b) and 457(f) plans and collateral assignment split-dollar life insurance.

When working with credit unions to create new or review current plans, CUNA Mutual Group helps determine how these tools can be used as part of their succession planning strategy. This is part of a broad range of services that also includes board education.

"When you build out an executive benefit plan, you want to be sure that is fiscally responsible for the credit union and also motivating for the executive to stay," Bauer points out. "We build out an organizational chart, asking the credit union to identify its key people, its current roles and where [the board would] like to see them move in the future. We then target these executives and set up executive benefit plans to keep them in place."

Each plan incents these top employees to stay by paying a deferred compensation component at a future date. "We try not to have all the distributions in the same year because then you may have two or three departures happening at the same time," Bauer adds.

Such an approach worked well for $2.6 billion Sandia Laboratory Federal Credit Union (*slfcu.org*), Albuquerque, New Mexico, which worked with CUNA Mutual Group to design a robust executive benefit plan to retain its current CEO, CUES member Robert Chavez, until retirement. Chavez stepped into the role five years ago after serving Sandia Laboratory FCU for many years as its COO.

"We went into this with a compensation philosophy that we want him to retire with a certain percentage of his salary," says BJ Jones, SVP/organizational effectiveness. "Unfortunately, we couldn't get there because of the caps (i.e., limits on Social Security benefits, defined benefit pension plan, 401(k) plans, etc.), so that's when we decided to look into a SERP."

With CUNA Mutual Group's help, the CU was able close the gap for the CEO through a combination of a split-dollar life insurance and a 457(f). "Should he be lured away prior to his retirement date,

MORE ON EXECUTIVE COMPENSATION

How to Right-Size A SERP (*cumanagement.com/1218serp*)

Set a Higher Bar For Executive Compensation (*cumanagement.com/0818higher*)

CUESolutions provider for executive benefits CUNA Mutual Group (*cues.org/cmg*)

MORE ON SUCCESSION PLANNING

The Guiding Light of CEO Succession (*cumanagement.com/101518skybox*)

Planning a Helpful Handoff for CEO Succession (*cumanagement.com/0818planning*)

CEO Succession Planning, Board Chair Responsibilities (*cumanagement.com/video020419*)

CUESolutions provider for succession planning DDJ Myers (*cues.org/ddj*)

> **"When you build out an executive benefit plan, you want to be sure that is fiscally responsible ... and also motivating for the executive."**
>
> – Bruce J. Bauer

he doesn't get those benefits, so it gives him an incentive to stay," Jones reports.

Lump sum 457(f) plans were put in place as an incentive to retain other C-suite executives at Sandia Laboratory FCU as well. "We have strong internal candidates, should the board decide to go in that direction when hiring the new CEO," Jones reports. The vesting dates were set up so top-level employees—including the potential successors—have to stay beyond the CEO's retirement to receive the benefit.

The CU also strives to retain key managers by providing professional development plans to give them the skills they need to advance. "We want to be sure we're building our bench strength for moving people up in the organization," Jones explains.

Leadership development and executive benefits are important succession planning components that have a common goal at Sandia Laboratory FCU. "It sends the message: You are valued," says Jones.

But don't get complacent once a plan is in place, warns Myers. At this point, "the board and CEO should begin the next iteration of CEO succession planning," he says. "By diving into the conversation sooner than later, you can minimize the upfront executive benefit investments—more time with your investments requires less principal invested—while maximizing the benefit's retention utility."

ATTRACTING GOOD TALENT

Having a comprehensive executive benefit program is a good way to attract outside talent before another CU can snatch it up. "As we crest the wave of retirements, boards are facing the CEO succession process in a way they haven't had to in 20 years," notes Myers. Unemployment rates are at an all-time low, and understanding market requirements to find the best possible candidates requires education.

Executive benefits can help a board be more competitive both when hiring a CEO and when building bench strength. "If I've got two credit unions that are looking at me, and one is going to provide me with an executive benefit plan, that's a big factor in making my decision," Bauer says. "In baseball terms, it's like signing your good players early and locking them in for a few years so you have a chance to use their talents when they're doing their best work."

In some cases, you may have to customize a plan to attract your desired new hire. For instance, supplemental executive retirement plans are not necessarily going to resonate with employees whose retirement date is decades into the future. "If you want to keep these people in the fold for the next five to seven years, you may want to set up something that helps them pay off their MBA and puts their kids through college," Bauer suggests. "If you're able to say, 'By staying here for seven years, you'll receive a 457(f) distribution to help fund your children's education,' that's going to be more meaningful to a 40-year-old executive, rather than saying, 'Here's what we're going to give you at age 65.'"

For CUs striving to lock in talent long-term, a good strategy is to set up a plan with various payoff points along the way. "We tend to think about vesting as a one-time event," says Telford. However, instead of doing what he calls "cliff vesting," the trend is moving toward multi-payment or multi-vesting plans.

Telford describes how this might work if the CU wishes to retain the example high-performing 40-year-old executive. "Instead of having to wait until 65 to become fully vested, the executive may get incremental vesting points or carrots along the way—so, for instance, 50% of a benefit in 10 years, 75% at year 15, and 100% at year 20. These multi-vesting events or multi-payout structures have become the norm for executives who have more than 10 years of runway left in their career cycle."

Another consideration is how various compensation options are taxed. For instance, Telford says, "If it's a 457(f) plan, the participant is going to pay tax for every penny they get from vesting. On the other hand, if it's a split-dollar plan, the participant will benefit from the nontaxable feature. So, in California, for instance, which type of plan is more retentive—a half million fully taxable at 52.25% tax bracket or a half million that is not taxable?

"The tax comparison is a no-brainer," he adds, "but you should also look at other factors, such as: Can the institution put the capital aside for split-dollar? Is the executive or participant insurable? You have to look at the overall picture to determine what is the most appropriate strategy."

Diane Franklin *is a longtime contributor to* CU Management *based in Missouri.*

Joe Heck

Title: Head of Financial Partners

Company: Happy Money

Phone: 949.430.0630

Email: jheck@happymoney.com

Website: happymoney.com

What's Happy Money?
Happy Money is a movement providing financial tools and services for human happiness in partnership with credit unions across America.

How does Happy Money work?
Happy Money works outside of the "sad money" complex, with a new model for making money that works for its members. We believe that the established banking setup keeps people stressed and stuck in debt. At Happy Money, a personal and positive relationship with money is what matters most. Our innovative business model lets us make more when our members save more, not spend more.

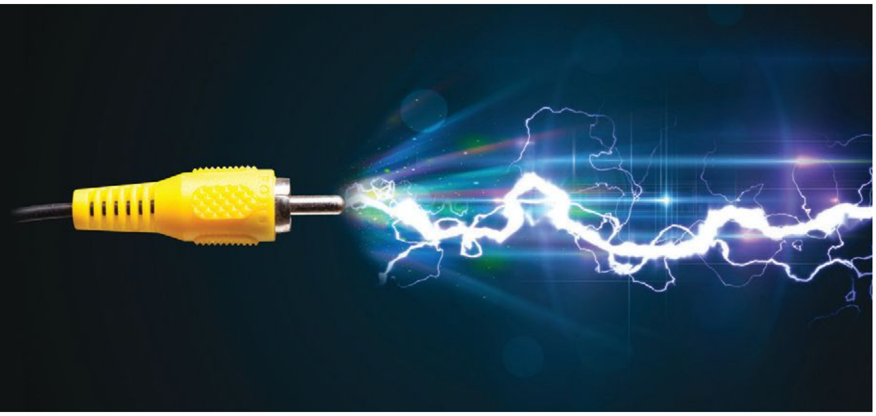
Happy Money products are designed to pay off credit cards, make spending happier and build savings. Happy Money's flagship product, the Payoff Loan, is an installment loan designed with proprietary financial and psychometric data to help members say goodbye to credit card debt and save.

How do you work with credit unions?
Happy Money creates strategic partnerships with credit unions to provide new members—a high yield asset—and depository growth through our position as a digital-first offering that focuses on outcomes, not products.

Since 2017, we have extended more than $1 billion in personal loans via Payoff.com to pay off credit cards for over 34,000 members with our credit union partners, including Alliant Credit Union and First Technology Federal Credit Union. This success shows the power of this collaboration between incumbent credit unions and a value-aligned fintech partner.

Why have you partnered with credit unions?
We believe credit unions are best poised to help build Happy financial services, and we've found that credit unions share a similar point of view in actually improving members' financial happiness. Through our strategic partnerships with these cooperative financial instutions, we have taken this shared vision and leveraged our complementary Happy Money brand, with a focus on digital transformation, to help forge the next generation of Happy financial services.

Strategic *Charge*



HOW THE BOARD CAN SET THE BEST COURSE TO POWER THE ORGANIZATIONAL CIRCUITS

BY STEVE WILLIAMS, CIE

All businesses live or die based on their unique value propositions and ability to execute strategy to deliver this value. Credit union directors must strive to collaborate with management on setting their CUs' strategic courses.

From formulating an organizational vision and mission to settling on an effective business model to monitoring execution, directors have their work cut out for them. Like the leaders of any successful business, CU boards must start with a realistic view of where they are now, develop a clear vision of where they want to go and focus their resources where there's a fighting chance to beat the competition.

SETTING THE BASELINE

A good starting point in fulfilling those responsibilities is to strategically assess where the CU stands today with its members and in the financial services marketplace. I like the Jack Welch quote, "Face reality as it is, not as it was or as you wish it to be." Because their position is at an arm's length from operations, directors can offer a more objective assessment than management, providing a true reality check of the credit union's strengths and weaknesses.

This evaluation can help set the stage for how the board, CEO and executive team work together to craft the organization's future direction. Executives should supply data, research and access to outsiders to help the board understand the CU's competitive position, the member experience and changes in the regulatory and technological environment.

It's important in this collaboration that management provides recommendations, but not the "final answers" for the board's approval. Guiding the board with their operating knowledge but not viewing directors as a rubber stamp on priorities and direction is an art that staff leaders need to perfect.

WHERE LESS IS MORE

Amid all the clamor in today's crowded and ever-changing business environment, the board needs to stay centered and single-minded on the credit union's behalf. The board sets the bedrock for the credit union by establishing its:

- Vision—the powerful end state the organization aims to achieve
- Mission—its purpose, the very reason it exists
- Values—the ideas that guide the thinking and behaviors of directors, executives and all employees, the filter through which actions taken on behalf of the credit union are tested

Establishing these foundational elements rests with the board because it transcends the administration of a CEO and governs the organization over the long term. Especially when it comes to vision and mission, the most powerful statements are notable for their brevity. The goal is to create specific and authentic messages that convey the "soul" of the CU in a memorable way.

Capturing the essence of the credit union in as few words as necessary is important. It's hard work to make sure that every word counts but, through persistence and commitment to the cause, the board in collaboration with management can craft meaningful mission, vision and value statements to guide the organizational culture for decades to come.

BOUNDARIES OF THE BUSINESS MODEL

Having set the foundation for the CU, the board next turns to its business model by working through some practical questions: Who are we trying to serve? What products and services are we trying to provide? How will we deliver a unique member experience? How do we create economic value from cooperative ownership?

As with the vision and mission statements, specificity matters. Agreeing on a business model is all about choices. Nordstrom, Walmart and Amazon are all retailers, but how they go about their business differs significantly, just as Motel 6, Best Western and Ritz-Carlton serve divergent segments.

Every business model involves trade-offs. If the board decides, "We want to serve new geographic markets, expand our products, match Chase in technology offerings and help the underserved,"

MORE ON STRATEGY

Will Your Credit Union Still Be Relevant in 5, 10 or 15 Years? (*cumanagement.com/041719skybox*)

CEO Institute I: *Strategic Planning* (*cues.org/institutes*)

CUES Unlimited+ membership (*cues.org/membership*)

Cornerstone Advisors (*cues.org/cornerstone*)

Governing at the strategic level means staying focused on significant priorities that can be lost if the "noise" of daily operational discussions creeps its way into the boardroom.

how can any management team deliver such aspirations with limited resources?

The reality is, CUs are competing against growing national banks armed with multi-billion technology budgets. Even the largest CUs are small in comparison. If financial services providers are measured by scale alone, the battle would be over. But size is not all that matters. Strategy for CUs relies on being shrewd about how to use limited resources for the greatest possible impact.

That means that each CU stakes out its territory: its target market, its preferred or lead products, its delivery channel strongholds and its pricing strategy. A useful outcome of these in-depth discussions is a one-page summary of a sustainable business model that can create significant value for members. Once management and the staff know the model's boundaries, they can create a distinctive brand and the necessary infrastructure to grow the business.

PACE OF PLANNING AND OVERSIGHT

With the foundational elements and business model in place, the board continues to steer the CU through strategic planning and oversight. Given the more rapid pace of change in the industry, many CUs have stepped up both the cycle and rigor of strategic planning, with fairly vague, five-year plans being replaced with much more detailed three-year plans. The plan often gets an annual refresh, but there's no need to start from scratch every year.

The challenge to the board is how to keep a strategic dialogue going during the year as the organization executes on its plans. Some argue that the industry changes every day, so a CU's strategic responses need to be fluid. It's true that directors and executives need to monitor trends closely.

But credit unions cannot pivot on every news item of the day—nor should they. Strategy takes time to implement. Big initiatives can take years to roll out. The reality of change does not excuse flitting from one priority to another. The board and management need to develop strategic plans based on a thorough analysis of what the future may hold and then regularly weigh the need for course corrections.

A best practice for the board is to develop a strategic calendar with the management team to regularly revisit big topics identified in planning sessions. Talent and leadership development are huge issues, so the board might schedule a session with the CEO and HR executive on that topic in March. The digital strategy could take center stage in June, with a marketing and analytic update in September and a discussion on risk appetite in December.

On a monthly basis, the board monitors progress toward major goals and financial performance, such as trends in return on assets, net member growth and updates on Net Promoter Scores. Along the way, directors are also inspecting new capabilities that support strategic development. For instance, they may receive an update on entry into a new market, the rollout of a new suite of business services or the progress in upgrading the digital account-opening experience. Some strategic objectives can't be measured by numbers alone. For those advances, the executive team should supply more qualitative performance indicators for the board's review.

Another best practice to help the board stay focused on strategy is to identify upfront three or four "pivot points" that become strategic priorities with milestones and measurements to monitor progress in those directions. A CU cannot have 45 priorities. It might have 45 initiatives at the operational level aligned to move its top strategic goals forward, but the board should keep its focus at a higher level to avoid getting tied up in operational discussions.

To that end, directors receive regular updates and center their discussions on significant steps toward those strategic priorities. For example, how are we doing on our goals to become more analytic, to improve the digital experience and to develop future leaders?

Steering the board's emphasis toward governance and oversight rather than operations continues to be more art than science. Now that strategic progress can't be measured simply by financial performance, the board needs to understand and monitor how the CU is transforming itself with new capabilities, new avenues of future revenue growth, and new talent and expertise to execute.

The executive team can help the board stick to its responsibilities by providing relevant and transparent information on the status of major initiatives. Who's the executive sponsor? What are the objectives of the initiative? What partners are we working with? What is the expected investment cost and the benefit? How do the outcomes compare with the original projected goals of this initiative?

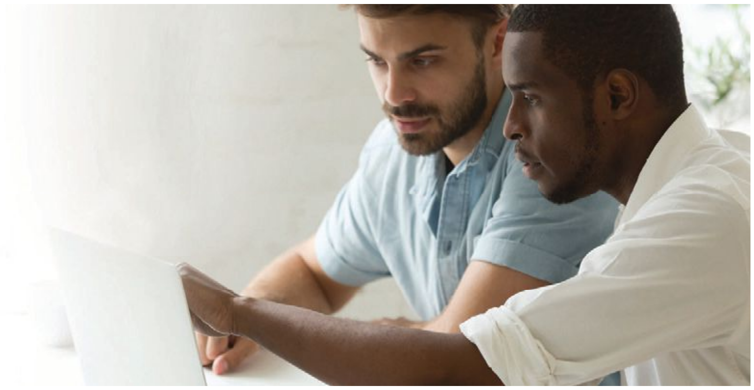
STAY STRATEGIC

The scope of operations has widened at many credit unions. The numbers—of members, staff, assets, products, services, delivery channels, competitors and regulatory requirements—are all bigger. This new scale makes it more important than ever for boards to stay focused at the strategic level rather than on the operating details. With the right planning framework and monitoring, governing at the strategic level means staying focused on significant target outcomes and priorities that can be lost if the "noise" of daily operational discussions creeps its way into the boardroom.

A useful metaphor is to think of organizational structure as a pyramid, with board governance and strategic oversight at the top. Directors can't move to the operational levels without giving up their big-picture view. And more than ever, it is essential for the board to understand and monitor at a high level how all those elements come together, consistent with the credit union's mission, vision and values, to support its business model and priority strategic objectives.

Steve Williams, CIE *principal with CUES Supplier member and strategic provider Cornerstone Advisors* (crnrstone.com)*, Scottsdale, Arizona, leads the firm's strategic planning practice.*

Developing *Superusers*



FOR THE BEST TECHNOLOGY ROI, TRAIN STAFF MEMBERS WELL.

BY BRYAN OCHALLA

MORE ON TRAINING

Why Apple FCU Prefers to Do Its Own Tech Training (*cumanagement.com/061719skybox*)

Is Tech Training Different From Other Types of Training? (*cumanagement.com/061019skybox*)

Why Credit Unions Might Overlook Tech Training (*cumanagement.com/062619skybox*)

CUES membership (*cues.org/membership*)

Training's always important, but technology training is especially important.

After all, tech systems are among a credit union's biggest expenses, says Will Vickers, VP/industry technology at Arch Mortgage Insurance Company (*mi.archcapgroup.com*).

Good training on tech investments can ensure compliance, reduce errors and improve the member experience, he adds. "These systems aren't always intuitive. Training not only shows you how to use them, but how to get the most out of them, too."

Getting the most out of technology is "critical if a credit union truly wants to serve its members," offers CUES member Maria Rolston, chief administrative officer at $1.1 billion Franklin Mint Federal Credit Union (*fmfcu.org*) in Chadds Ford, Pennsylvania.

Say you decide to switch cores, for example. Some members will get nervous as soon as they hear a change is in the works, Rolston says. "But if you have educated employees on the front line who can easily answer their questions prior to, during and after the conversion, it makes the transition a whole lot smoother"—and makes members happier too.

It often makes for happy employees as well, of course. They "come to work confident, feeling good about what is going on," she adds. "They are engaged in the process and want to make sure the members are taken care of throughout it."

Here are seven steps to tech training success from a handful of in-the-know CU leaders and vendors.

1. GET STAFF BUY-IN

VA Desert Pacific Federal Credit Union's Shareta Caldwell, SHRM-CP, knows this lesson well.

As VP/HR, Caldwell has helped the $75 million CU through tech undertakings both big—a core conversion to Jack Henry & Associates Inc. (*jackhenry.com*), Monett, Missouri, in 2017—and small—investing in board portal software from Aprio (*cues.org/aprio*), a CUES strategic provider based in Vancouver, British Columbia, a few years earlier.

"You have to prepare and involve your staff," she says. Don't worry—she and her colleagues at the Signal Hill, California-based credit union (*vadpfcu.org*) practice what they preach.

"We include our staff in all decisions. We make sure they're part of the conversation around projects like this," Caldwell adds. "That's their buy-in."

As a result, nothing is a shock to them. And "they're not grumbling with the members when they come in and say, 'I hate this.' Instead, they're encouraging the members: 'This is great. You're going to love it.'"

That's in line with Al Rosenbaum's chief advice for CUs looking at introducing new technologies.

"You have to show the benefit to the user of that system—the why—first, before you get to the how and the what," says Rosenbaum, EVP at Portsmouth, New Hampshire-based SilverCloud (*silvercloudinc.com*), a maker of knowledge bases.

"Put a lot of emphasis on the why," he adds. "And not just while you're doing the training or after you do it, but leading up to it too."

2. CONSIDER OUTSIDE HELP

A couple of the credit unions included here handle all—or almost all—of their own training. Even training that's tied to a system conversion.

Others, like VA Desert Pacific FCU, rely on vendor or third-party trainers in those and similar situations. "I don't want to be a trainer," Caldwell says. "So the big win for me with all of this is when a company provides 100 percent of the training for our staff."

And then there are organizations like Los Angeles-based Firefighters First Credit Union (*firefightersfirstcu.org*). This $1.3 billion CU approaches technology training from both of the above-mentioned angles.

Although Firefighters First CU has an in-house training department, it doesn't single-handedly train staffers every time new tech is introduced within the organization.

In 2010 the credit union swapped out its core system to one now owned by CUES Supplier member Fiserv (*fiserv.com*), Brookfield, Wisconsin. At that time, "we did what we could from an internal perspective using the documentation provided," says President/CEO Dixie Abramian, CME, CSE. "But we also had a third party [Next Step International Inc. (*nextstepinc.com*), Orlando, Florida, which does technology training for financial institutions] that helped guide us through the process."

"It's almost always a combination," adds the CUES member, who began her career at the CU as its first training coordinator. "That's what has been most effective for us, anyway—having our internal training team, a vendor's subject-matter experts, and a third party all working together to make sure there's a transfer of knowledge."

Obviously, there's a cost associated with such a strategy, she admits, "but we see it as a long-term investment that will pay off in the future."

3. CHECK THIRD-PARTY REFERENCES

Much like you do when you purchase a particular tech system, you want to make sure you get your money's worth from any outsiders you hire to train you and your staffers to use it.

One way to ensure that is to ask for references before you sign on the proverbial dotted line.

"And then follow up with them," stresses Vickers. "Ask a lot of questions. How did they train your users? How many days or weeks did the training take? What formats did they use? Their answers can be really meaningful."

Caldwell suggests you pose these questions to references too: How has the outside training made your job easier? And if you could change one thing about the process, what would it be?

4. USE A VARIETY OF TRAINING APPROACHES

"You've got to use more than just PowerPoint" when training staff members on new technology purchases, according to Vickers. "People learn in different ways, so use different formats."

Abramian and her colleagues at Firefighters First CU are well versed in this area. Depending on the situation, they may use in-person, online, video or even on-the-job training to bone up on a new system or piece of software.

"And many of the training tools and programs [we use] have an observation or testing mechanism to ensure that there was a transfer of learning," she adds.

You can do this even if you use vendor or third-party trainers, though you may have to make it part of your contract.

5. PROVIDE END USERS WITH PLENTY OF JOB AIDS

"Don't just rely on the provided training manual to be the 'bible' for your end users," Vickers says.

If possible, give them a quick-reference guide that answers common questions or addresses common problems as well.

You might get these materials from your vendor. Or you might get them from a third party you bring in train your staff.

You might also create them yourself (as some CUs do), or require them while negotiating your contract with the system vendor.

6. CONSIDER PILOTS & SOFT LAUNCHES

During its core conversion in 2010, Firefighters First CU set up test sites that allowed employees to "have that true, hands-on training experience," says Abramian, who describes them as simulated spaces "where they could all interact with each other, help each other, try things out—because you learn a lot just from being able to test some of the things that are going into production."

> **"These systems aren't always intuitive. Training not only shows you how to use them, but how to get the most out of them too."**
>
> – Will Vickers

Firefighters First CU also has used pilots as safe testing and training grounds for staff members. And "for those programs that require us to go straight into production, we usually do a soft launch to the membership and take the time to train," Abramian adds.

7. KEEP THE TRAINING—AND LEARNING—GOING

If your goal is for your credit union's staff members to get as much as they can out of a technology solution you create or buy, you've got to keep training them on it beyond the deployment date.

"All kinds of unexpected and unanticipated things are going to pop up" after the system or software is up and running, Vickers says. "So you have to stay plugged in to help-desk tickets, confusion on the floor, stuff like that. You need to keep your eyes and ears open for issues" and then train employees on solutions once you've settled on them.

Franklin Mint FCU used a creative twist on this idea during its most recent core conversion, according to Rolston. "To ensure the first few weeks went smoothly, we set up a 'superuser' call center that credit union staff could call into and ask questions or troubleshoot issues. We found this to be very effective and helpful, especially right in the very beginning."

NO ONE-SIZE-FITS-ALL SOLUTION

"I don't know if there's one answer here—one right way to do it," Abramian says of this sort of technology training.

There are loads of reasons for that, of course. One is, as Abramian and others have pointed out already, CU employees learn in myriad ways. Another is credit unions themselves come in all shapes, sizes, membership bases and budgets.

Add in all the different types of technology projects you could tackle—as well as whether you decide to build it in-house, buy a pre-packaged product or go with something that sits between those extremes—and it should be easy to see how there's no one-size-fits-all training strategy that'll work for every organization.

Still, you could do worse than crib a bit from the CUs and vendors highlighted here, especially if you're prepping for a monumental tech undertaking like a core conversion.

Bryan Ochalla *is a former editor of* CU Management *who writes from Austin, Texas.*

Think Beyond *Pink*

HELPING WOMEN ACHIEVE THEIR FINANCIAL GOALS AND DREAMS

BY BRYN CONWAY, MBA, CUDE

I like the color pink, actually quite a lot. And I will freely admit that I have owned (and in some cases still do) and used pink tools, pink camo and pink golf accessories. The idea of using the color pink to target-market to women is not new and likely has some merit, but it's time that credit unions dig deeper than just the surface color. CUs need to look at the full picture of whether they can meet women's needs and, perhaps more importantly, help women achieve their financial goals and dreams.

PAY GAP SHAPES WOMEN'S FINANCIAL LIVES

The gender gap extends far beyond pay. According to a *Money* magazine article (*tinyurl.com/MoneyMagWageGap*), a 21-cent per hour wage gap between men and women leads to gaps in debt, savings and retirement planning. It is estimated that over the course of a woman's career, they are missing out on $500,000 in salary compared to their male counterparts. To simply earn the same amount of money as their male colleagues, the average woman would have to work 11 years longer (*tinyurl.com/y6kpavpk*).

According to the same article, women also pay more for the debt they carry, despite research that finds women are less likely to default. With lending rates influenced by income, women tend to have higher loan-to-value ratios on their mortgages and pay half a point higher annually on their credit cards. Women also hold 65% of all student debt.

More debt and higher costs feed a savings and retirement gap as women retire with two-thirds the money of men while living longer. A T. Rowe Price survey (*tinyurl.com/y26s8ukb*) found that women are less likely than men to participate in their workplace 401(k) plans, and those who do tend to save less than their male colleagues. The average woman's 401(k) balance among those surveyed was $38,000, while the average man's was $74,000. Women contributed an average of 7.2% of their annual salary to these retirement plans, compared to men at 8.4%. Make no mistake, the gap is real and has multiple interrelated impacts on women's financial lives.

WOMEN AS ECONOMIC DRIVERS

Despite the gap, women are true financial drivers, and this is relevant to CUs for two reasons: First, women make the majority of financial decisions in their households. Second, women are highly represented in consumer spending, education and the transfer of wealth.

Research from Kantar, *Winning Over Women* (*tinyurl.com/y4mwokbo*), finds that in the U.S. alone, 126 million adult women control 51% of personal wealth and drive 80% of consumer spending with a combination of buying power and influence. In addition, females make up 47% of the workforce, 56% of college students and are the primary source of income in more than 40% of households. What is more, the Global Banking Alliance for Women (*tinyurl.com/y624jrlq*) estimates that over the next 40 years, women will inherit $28.7 trillion in intergenerational wealth. Women are today, and will be even more so in the future, a considerable force in the economy. The question for CUs is: Are you ready to be a financial partner to your female members?

Clearly an opportunity exists; however, a real disconnect remains in how to develop and execute an effective strategy to meet women's financial needs. Credit unions are uniquely positioned to help women with their debt, saving and retirement gaps and, ultimately, make a difference in their financial lives. Here's how:

IDENTIFY NEEDS

A Merrill Lynch study (*tinyurl.com/yxg27q2k*) found that 61% of women said they would rather discuss the details of their own death than money—yet they are making financial decisions every day that will affect their lives far into the future. In addition, Women's World Banking research (*tinyurl.com/yxs6wuav*) shows that when it comes to meeting women's financial needs, most financial institutions miss the mark. To overcome these barriers, CUs have to ask questions and give women forums in which to express the challenges, opportunities, worries, goals and dreams that shape their financial lives. Start by identifying their financial needs.

Get to know your audience. What's the gender split of your credit union's member base, and are there differences in how your female and male members interact with your CU? Dig into how they are using your products and services. Do they prefer one credit card over another, and are they carrying a balance? Are they managing student loans or leaving money on the table by keeping balances in basic savings accounts? Understanding behavior will help you identify your female members' needs.

Then, go further and ask, "What are your financial goals and dreams?" Identify the why that drives women's financial goals and decision-making. Do they want to pay off their student loans so they can save money to send kids to college or put more money in a 401(k) for retirement, etc.?

I have actually been asked about my financial goals and dreams, and my answer has always been I want to take care of "old me." What I mean by that is I worry about how the decisions I make today will impact the "me" who is retired. I want more than anything to feel secure about retiring and to be able to pursue my interests once my income-producing career is over.

Your credit union's opportunity to help women live better financial lives is in becoming a relevant, trusted and problem-solving financial partner. There is true growth potential for your CU in this strategy.

AVOID ASSUMPTIONS

Ninety-one percent of women say they feel marketers don't understand them (*tinyurl.com/y2bbedzc*). Avoid the stereotypical trappings of using the color pink or other cliché images or messaging. Women are doing things today that were quite uncommon a generation ago, such as having children later in life, starting and leading businesses, and continually looking to each other to move forward professionally. According to *Forbes* (*tinyurl.com/y4cmlvon*), of the 50 fastest-growing women-owned/led companies, the average age of the CEO is 50, and the companies featured generate a combined $5.9 billion annually. So much for the perception of women at age 50 being on the fast track to retirement. Forbes continues, "Unlike the previous generation, today's 50-plus females are the healthiest, wealthiest, most active and influential generation of women in history."

A friend of mine who recently launched a small business and turned 50 received two targeted direct mail items in the same week. The first, from her credit union, was a personalized birthday card that included two tickets for a free "early-bird special" meal at a popular Italian res-

MORE ON WOMEN AND COMPENSATION

Pay Inequality Impacts Women Around the World (*cumanagement.com/0519payinequality*)

Focus on Personal Finances (*cumanagement.com/0519personalfinances*)

Quiz: Personal Finance, Wealth Management and Gender (*cumanagement.com/0519quiz*)

A Culture of Fair Pay (*cumanagement.com/0818fairpay*)

Pay Inequality by the Numbers (*cumanagement.com/0818inequality*)

Identify needs, avoid assumptions and provide sensible advice to position your credit union as a trusted financial partner for all women.

taurant for an event co-hosted with a local funeral home to discuss the merits of pre-planning end-of-life arrangements. The second mailing, from AARP, invited her to become a member and highlighted local small business networking opportunities, weekend getaways and a list of activities to do with kids over the summer.

AARP had done its research on women turning 50 and knew that they are likely to still have children at home, are more likely than women of previous generations to be starting small businesses, and that their interests involve weekend getaways and networking. The mission of AARP is "to make life better for today's 50-plus population." The association is doing an excellent job of positioning itself as a relevant partner by using content to effectively address the modern-day realities of those over 50. My friend's CU, unfortunately, missed the mark in its communication, maybe even implying that turning 50 means it's all downhill from here!

It's important to take a strategic approach to finding opportunities to expand your conversations and learn what is significant to your members and how that is shaping their financial lives. Where credit unions can help and really make a difference in women's financial lives is to put forward personalized options members can relate to and say, "Yes, I am facing that challenge financially and I would like to start a conversation about where I go from here." Go back to your mission, the heart of your brand, and understand how you can position your credit union as a trusted financial partner.

FOCUS ON ADVICE OVER PRODUCT

Think about how to address challenges for women, rather than how to package a product. For example, women have a hard time getting started investing, yet they live longer than men and need to save for more time spent in retirement. In a UBS *Own Your Worth* (*tinyurl.com/y53pt72a*) study, 63% of male breadwinners take the lead on long-term financial decisions vs. 38% of female breadwinners. In addition, with women outliving men and an increase in divorce for older couples (according to the Pew Research Center, *tinyurl.com/y4kf2ksg*), eight in 10 women will end up responsible for their own finances, often for a decade or more.

Compounding the issue, women also tend to be more risk-averse, keeping 71% of their assets in cash compared to men who hold 60% (*tinyurl.com/MoneyMagWageGap*). The reason for this investment difference goes back to the pay gap shaping women's financial lives. A female colleague of mine summed up the risk aversion when asked why she was so conservative in her investing approach. She said, "With it being so much harder to make the money, I don't feel that I can afford to lose what I have." This all adds up to a potentially costly risk intolerance for women. The zero-risk associated with cash also means zero-potential to grow wealth. Ironically, once women do invest, they outperform men by nearly a percentage point a year. Women need CUs to recognize the reality that they are dealing with a different set of challenges as compared to men.

Focus your approach on providing sensible, practical advice. Beef up your content targeted at meeting womens' financial needs in multiple channels. For example, share information from personal finance bloggers and influencers. A quick Google search will show you that there are numerous sources of quality content, like "5 Women Personal Finance Bloggers to Follow Now" (*tinyurl.com/yxvyrau6*).

Next, go further than your traditional financial education workshops with regard to topics and purpose. Host financial forums that have personal, professional and networking possibilities as well as content geared to meeting women's unique financial needs. Don't just retitle your financial workshop to *Retirement Planning for Women* or limit your advice to the "one-size-fits-most" product or service your CU has to offer. Instead, deliver relevant information that helps women make decisions to improve their financial lives.

KEY TAKEAWAYS

The pay gap presents different challenges for women than men in terms of debt, savings and retirement planning. To help make a difference in the financial lives of women, you have to think beyond just coloring your existing products and services pink. Identify needs, avoid assumptions and provide sensible and practical advice to position your credit union as a trusted financial partner for generations of women to come.

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

2019 CUES Supplier Member Directory
Your Trusted Resource

Accella LLC

303 Cloverleaf Lane
Severna Park, MD 21146-2323
Website: accella.net
Phone: 410.695.4899

AdvantEdge Analytics

5910 Mineral Point Rd.
Madison, WI 53705-4456
Website: advantedgeanalytics.com
Phone: 888.258.0011

CUESolutions Provider

CUES PREMIER SUPPLIER MEMBER

Allied Solutions

350 Veterans Way
Carmel, IN 46032-3321
Website: alliedsolutions.net
Phone: 469.467.3000

CUES PREMIER SUPPLIER MEMBER

ALM First Financial Advisors LLC

2911 Turtle Creek Blvd. #500
Dallas, TX 75219-6255
Website: almfirst.com
Phone: 800.752.4628

Alogent Corporation

350 Technology Parkway #200
Peachtree Corners, GA 30092-2979
Website: alogent.com
Phone: 888.332.7052

Aprio Inc.

1090 West Georgia St. #1090
Vancouver, BC V6E 3V7 Canada
Website: aprio.net
Phone: 855.552.7746

CUES STRATEGIC PARTNER

ArmadaCare

1662 Marlyn Rd.
Fort Myers, FL 33901-5826
Website: armadacare.com
Phone: 877.978.2177

Azeus Convene

8105 Rasor Blvd. #272
Plano, TX 75024-0116
Website: azeusconvene.com
Phone: 800.795.2024

Bancography

1827 1st Ave. N #200
Birmingham, AL 35203-3138
Website: bancography.com
Phone: 205.251.3227

BFB Gallagher

4250 Congress St. #225
Charlotte, NC 28209-4615
Website: bfbbenefit.com
Phone: 877.332.2265
CUES PREMIER SUPPLIER MEMBER

Business Compensation Consulting

1255 West 15th St. #830
Plano, TX 75075-7297
Website: bcc-business.com
Phone: 800.781.2099

Capital Performance Group

1331 H St. NW #801
Washington, DC 20005-4738
Website: capitalperform.com
Phone: 202.337.7870

ChappellRoberts

1600 East 8th Ave. #A133
Tampa, FL 33605-3738
Website: chappellroberts.com
Phone: 813.281.0088

Choice Creative Solutions

6163 NW 86th St. #101
Johnston, IA 50131-2241
Website: choicecreativesolutions.com
Phone: 515.251.8018
CUES PREMIER SUPPLIER MEMBER

CobbleStone Systems Corp.

428 South White Horse Pike
Lindenwold, NJ 08021
Website: cobblestonesoftware.com
Phone: 856.875.0056

Concepts Unlimited Ad Agency

1250 S Capital Of Texas Hwy Bldg 3-350
West Lake Hills, TX 78746-6394
Website: cuadvertising.net
Phone: 800.882.5236

CO-OP Financial Services

9692 Haven Ave
Rancho Cucamonga, CA 91730-5891
Website: co-opfs.org
Phone: 800.782.9042
CUES PREMIER SUPPLIER MEMBER

Cornerstone Advisors Inc

7272 East Indian School Rd. #400
Scottsdale, AZ 85251-3952
Website: crnrstone.com
Phone: 480.423.2030
CUES STRATEGIC PARTNER

Corporate America CU

4365 Crescent Rd.
Irondale, AL 35210-1774
Website: corpam.org
Phone: 205.313.4300

CPI Card Group

10026 West San Juan Way #200
Littleton, CO 80127-6345
Website: cpicardgroup.com
Phone: 800.446.5036

Credit Union Times

1100 G St. NW #900
Washington, DC 20005-7407
Website: cutimes.com
Phone: 201.526.1230

CTMA Wealth Management

100 South Shore Dr.
East Haven, CT 06512-4691
Website: ctmawealth.com
Phone: 877.358.0829

CU Direct

2855 E Guasti Rd. #500
Ontario, CA 91761-1253
Website: cudirect.com
Phone: 877.744.2835

CU Engage

450 Carillon Parkway #130
St Petersburg, FL 33716-1209
Website: cuengage.com
Phone: 727.698.9973

ABOUT THE GUIDE

CUES STRATEGIC PARTNER

CUES Strategic Partners have joined with CUES to bring credit union-specific services to the movement's leaders.

CUES PREMIER SUPPLIER MEMBER

Premier Supplier Members have joined CUES at the highest level.

CUESOLUTIONS PROVIDER

CUESolutions is a CUES program designed to easily connect credit unions with thought-leading suppliers that have the products and services they need to evolve and elevate their success. CUESolutions providers are companies CUES has identified as industry experts and has partnered with to showcase their thought leadership to our membership.

AdvantEdge Analytics is a Platinum CUESolutions provider for its data analytics offerings.

CU Members Mortgage is a Bronze CUESolutions provider for its mortgage lending solutions.

CUNA Mutual Group is a Platinum CUESolutions provider for its executive benefits program and CUNA Mutual Retirement Solutions.

DDJ Myers is a Silver CUESolutions provider for its succession planning, executive recruitment and leadership coaching services.

Experian is a Silver CUESolutions provider for its credit data and fraud solutions.

OnBase by Hyland is a Bronze CUESolutions provider for enterprise information platforms.

To learn more about **CUESolutions**, contact Kari Sweeney, CUES' supplier relations manager, at **800.252.2664**, ext. **326**, or email ***kari@cues.org.***

CU Holding Company LLC

9300 W 110th St. #645
Overland Park, KS 66210-1448
Website: cuholding.com
Phone: 913.310.9292

CU Insight

1808 James Redman Parkway #265
Plant City, FL 33565
Website: cuinsight.com
Phone: 317.690.2084

CUES PREMIER SUPPLIER MEMBER

CU Lending Cooperative

404 Camino Del Rio S #400
San Diego, CA 92108-3588
Website: yourculc.com
Phone: 619.922.5174

CUliance

2252 Killearn Center Blvd. #2A
Tallahassee, FL 32309
Website: culiance.com
Phone: 877.570.2824

CU Members Mortgage

14901 Quorum Dr. #800
Dallas, TX 75254-6762
Website: cumembers.com
Phone: 800.607.3474

CUESolutions Provider

CUES PREMIER SUPPLIER MEMBER

CUNA Mutual Group

PO Box 391
Madison, WI 53701-0391
Website: cunamutual.com
Phone: 800.356.2644

CUESolutions Provider

CUES PREMIER SUPPLIER MEMBER

CUProdigy

209 E Gordon Ave. #1
Layton, UT 84041-2357
Website: cuprodigy.com
Phone: 801.451.9101

CUES PREMIER SUPPLIER MEMBER

Currency

12-8465 Harvard Place
Chilliwack, BC V2P 7Z5 Canada
Website: currencymarketing.ca
Phone: 877.230.1516

CUES PREMIER SUPPLIER MEMBER

DDJ Myers Ltd

4455 E Camelback Rd. #C138
Phoenix, AZ 85018-2846
Website: ddjmyers.com
Phone: 800.574.8877

CUESolutions Provider

CUES PREMIER SUPPLIER MEMBER

Doeren Mayhew

305 W Big Beaver Rd. #200
Troy, MI 48084-5223
Website: doeren.com
Phone: 248.244.3110

eDOC Innovations

1197 Exchange St. #1
Middlebury, VT 05753-4463
Website: edoclogic.com
Phone: 800.425.7766

CUES PREMIER SUPPLIER MEMBER

Enhanced Software Products Inc.

1811 N Hutchinson Rd.
Spokane Valley, WA 99212-2444
Website: espsolution.net
Phone: 509.534.1514

Experian

475 Anton Blvd.
Costa Mesa, CA 92626-7037
Website: experian.com/credit-unions
Phone: 888.414.1120

CUESolutions Provider

CUES PREMIER SUPPLIER MEMBER

Fiserv

255 Fiserv Dr.
Brookfield, WI 53045-5815
Website: fiserv.com
Phone: 800.872.7882

CUES PREMIER SUPPLIER MEMBER

Fox Rothschild LLP

747 Constitution Dr. #100
Exton, PA 19341-1297
Website: foxrothschild.com
Phone: 610.458.7500

Franklin Madison

801 Crescent Centre Dr. #500
Franklin, TN 37067-6228
Website: franklin-madison.com
Phone: 615.764.2082

CUES PREMIER SUPPLIER MEMBER

Frost Financial Services Inc

8829 Chapelsquare Lane #A
Cincinnati, OH 45249-4704
Website: frostinsure.com
Phone: 888.753.7678

GreenPath Financial Wellness

36500 Corporate Dr.
Farmington Hills, MI 48331-3553
Website: greenpath.com
Phone: 248.459.0920

Happy Money

3200 Park Center Dr. #800
Costa Mesa, CA 92626-1979
Website: happymoney.com

CUES PREMIER SUPPLIER MEMBER

Harland Clarke

133 Peachtree St. NE #2600
Atlanta, GA 30303-1816
Website: harlandclarke.com
Phone: 800.723.3690

Holzman Law PLLC

28366 Franklin Rd.
Southfield, MI 48034-5503
Website: holzmanlaw.com
Phone: 248.352.4340

Howard & Howard

450 W 4th St.
Royal Oak, MI 48067-2557
Website: howardandhoward.com
Phone: 248.723.0521

Hunton Andrews Kurth LLP

951 East Byrd St.
Richmond, VA 23219
Website: huntonak.com
Phone: 202.955.1500

Hyland Software Inc.

28500 Clemens Rd.
Westlake, OH 44145-1145
Website: onbase.com
Phone: 440.788.5000

CUESolutions Provider

inLighten

9645 Wehrle Dr.
Clarence, NY 14031-2007
Website: inlighten.net
Phone: 716.759.7750

IZALE Financial Group

2400 Big Timber Rd. #103A
Elgin, IL 60124-7812
Website: izalefg.com
Phone: 855.492.5334

JM Search

1 Penn Plaza
New York, NY 10119-0002
Website: jmsearch.com
Phone: 212.868.9600

John M Floyd & Associates

125 N Burnett Dr.
Baytown, TX 77520-1103
Website: jmfa.com
Phone: 800.231.9925

Kaufman & Canoles

150 W Main St. #1800
Norfolk, VA 23510-1681
Website: kaufcan.com
Phone: 757.624.3153

LEO Cyber Security

1612 Summit Ave. #415
Fort Worth, TX 76102-5916
Website: leocybersecurity.com
Phone: 530.346.3536

CUES STRATEGIC PARTNER

CUES PREMIER SUPPLIER MEMBER

Lowder Consulting Group

6387 Camp Bowie Blvd. #B PMB 322
Fort Worth, TX 76116-5486
Website: lowderconsultinggroup.com
Phone: 817.422.3458

LSC

1807 W Diehl Rd.
Naperville, IL 60563-1890
Website: lsc.net
Phone: 603.983.2917

M2 The Agency

18001 Highway 105 #214
Montgomery, TX 77356-2881
Website: m2theagency.com
832.681.9221

M29 Technology & Design

133 Bridge St. #B
Arroyo Grande, CA 93420-3366
Website: m29.com
Phone: 805.489.9402

MagTek Inc.

1710 Apollo Court
Seal Beach, CA 90740-5617
Website: magtek.com
Phone: 888.624.8350

McLagan

5600 W 83rd St. #1100
Minneapolis, MN 55437-1062
Website: mclagan.aon.com
Phone: 952.886.8247

Member Access Processing LLC

20829 72nd Ave. S #600
Kent, WA 98032-1408
Website: maprocessing.com
Phone: 866.598.0698

Meyer-Chatfield Group

411 S State St. Fl 3
Newtown, PA 18940-1990
Website: meyerchatfield.com
Phone: 239.470.5776

Momentum

1520 4th Ave. #300
Seattle, WA 98101-3607
Website: momentumbuilds.com
Phone: 206.267.1900

NewGround

15450 S Outer 40 Rd. #300
Chesterfield, MO 63017-2062
Website: newground.com
Phone: 888.613.0001

Oak Tree Business Systems Inc.

PO Box 6967
Big Bear Lake, CA 92315-6967
Website: oaktreebiz.com
Phone: 909.585.7753

OM Financial Group

6800 Jericho Turnpike #202W
Syosset, NY 11791-4488
Website: omfingroup.com
Phone: 781.278.8851

CUES PREMIER SUPPLIER MEMBER

Onboardability

1712 Main St. #253
Kansas City, MO 64108-1332
Website: onboardability.com
Phone: 816.434.0455

Ongoing Operations LLC

18450 Showalter Rd. #101
Hagerstown, MD 21742-1383
Website: ongoingoperations.com
Phone: 240.527.6801
CUES PREMIER SUPPLIER MEMBER

O'Rourke and Associates

365 S Spruce Ave. Fl 2
South San Francisco, CA 94080-5921
Website: orourkeconsult.com
Phone: 800.394.1918
CUES PREMIER SUPPLIER MEMBER

Passageways

8 N 3rd St. #101
Lafayette, IN 47901-1273
Website: passageways.com
Phone: 765.497.8832
CUES PREMIER SUPPLIER MEMBER

Payrailz

95 Glastonbury Blvd. #105
Glastonbury, CT 06033-4412
Website: payrailz.com
Phone: 800.430.5200

PSCU

560 Carillon Parkway
St Petersburg, FL 33716-1294
Website: pscu.com
Phone: 800.443.7728
CUES PREMIER SUPPLIER MEMBER

Q2

13785 Research Blvd. #150
Austin, TX 78750-1873
Website: q2ebanking.com
Phone: 512.807.1660
CUES PREMIER SUPPLIER MEMBER

Quantum Governance L3C

714 Old Hunt Way
Herndon, VA 20170-3157
Website: quantumgovernance.net
Phone: 703.435.3613
CUES STRATEGIC PARTNER

Rochdale Paragon Group LLC

8575 W 110th St. #220
Overland Park, KS 66210-2620
Website: rochdaleparagon.com
Phone: 913.890.8011

Sage Direct Inc.

3400 Raleigh Dr. SE
Grand Rapids, MI 49512-2042
Website: sagedirect.com
Phone: 616.940.8311

Share One Inc.

2650 Thousand Oaks Blvd. #1120
Memphis, TN 38118-2449
Website: shareone.com
800.888.0766
CUES PREMIER SUPPLIER MEMBER

Shared Vision

2472 Jett Ferr Rd., Suite 400 #102
Dunwoody, GA 30338
Website: shared-vision.net
Phone: 678.694.1965

Shazam

6700 Pioneer Parkway
Johnston, IA 50131-1605
Website: shazam.net
Phone: 800.537.5427

Strategic Resource Management

5100 Poplar Ave. #2500
Memphis, TN 38137
Website: srmcorp.com
Phone: 800.748.2577
CUES PREMIER SUPPLIER MEMBER

Strum

1200 6th Ave. #900
Seattle, WA 98101-3140
Website: strumagency.com
Phone: 206.340.6111
CUES PREMIER SUPPLIER MEMBER

SUCCESSIONapp LLC

PO Box 5026
Madison, WI 53705-0026
Website: successionapp.com
Phone: 608.416.5440
CUES PREMIER SUPPLIER MEMBER

SWBC

9311 San Pedro Ave. #600
San Antonio, TX 78216-4459
Website: swbc.com
Phone: 866.438.7922
CUES PREMIER SUPPLIER MEMBER

Tanics Inc.

120-1815 Kirschner Rd.
Kelowna, BC V1Y 6G Canada
Website: tanics.io

Temenos

40 General Warren Blvd.
Malvern, PA 19355
Website: temenos.com
Phone: 484.329.6441

The Sheeter Group

360 W Plant St. #201
Winter Garden, FL 34787-3009
Website: sheetergroup.com
Phone: 407.217.2301

Think|Stack

1300 Thames St. #20
Baltimore, MD 21231-3654
Website: thinkstack.co
Phone: 410.560.5601
CUES STRATEGIC PARTNER
CUES PREMIER SUPPLIER MEMBER

Trellance

7650 W Courtney Campbell Causeway #900
Tampa, FL 33607-7217
Website: trellance.com
Phone: 888.930.2728
CUES PREMIER SUPPLIER MEMBER

Triscend

1100 Parker Square #245
Flower Mound, TX 75028-7459
Website: triscendnp.com
Phone: 972.318.1100

Valeyo

200-1601 Regent Ave. W
Winnipeg, MB R2C 3B3 Canada
Website: valeyo.com
Phone: 888.552.5585

Velocity Solutions Inc.

1710 Dawson St.
Wilmington, NC 28403-2327
Website: myvelocity.com
Phone: 910.254.9383

Visa

900 Metro Center Blvd.
Foster City, CA 94404-2172
Website: usa.visa.com
Phone: 404.531.5893
CUES PREMIER SUPPLIER MEMBER

World Council of Credit Unions

5710 Mineral Point Rd.
Madison, WI 53705-4454
Website: woccu.org
Phone: 608.395.2000

Life Insurance *Goes Digital*

TODAY'S ONLINE APPLICATIONS TAKE 10 MINUTES.

BY STEPHANIE SCHWENN SEBRING

A seismic shift has occurred since life insurance became viable over two centuries ago. Not so much in its core purpose, protecting an individual's assets and loved ones, but in an individual's expectations of application and delivery. Similar to financial services, the insurance industry is working to up its game to match the demand for digital.

"Just like Amazon, today's consumer expects digital ease and convenience when buying life insurance," explains Tom Kazar, group vice president/sales and business development for CUES Supplier member Franklin Madison (*franklin-madison.com*), Franklin, Tennessee. "And the industry has spent a lot of energy improving the customer experience, most notably, digitizing the process, the approval and the delivery."

While some things haven't changed, such as the desire for a fully underwritten policy and the choice of coverage amount and lengths, Kazar notes that evolving consumer expectations and the promise of online enrollment are disrupting the industry.

"With the evolution of digital, gone are the days of static applications," he says. "Consumers no longer must deal with weeks of paperwork, blood tests and medical exams as well as lengthy wait times.

"It used to take about 40 days to obtain a traditional, fully underwritten life insurance plan, which required an extensive paper application and often a full physical," continues Kazar. "Today, digitally, it takes about 10 minutes, with the enrollment and delivery fulfilled directly from the customer's preferred device. This is the niche Franklin-Madison is offering credit unions *and their members*—an instant decision on coverage up to $1 million.

"Even if you take a traditional (static) application and put it online as a 'fillable' document, you're still not providing the full digital experience," Kazar emphasizes. "The Franklin-Madison digital insurance solution, which uses DocuSign technology and credit card capture, offers this automation and fulfills the consumer's desire for the 'buy here, buy now' experience."

As the member completes his or her application, only relevant or applicable questions appear, making the process fast and easy. For example, if the applicant selects "non-smoker," the program will remove questions corresponding to "smoker" having been selected.

"Still, security is the top priority," stresses Kazar. "Members sign our privacy pledge and, in turn, we provide the strongest encryption measures available to ensure their data stays private."

Remember, today's consumer doesn't want to be sold. "Like the Amazon shopper, your member wants to drive the buying experience," Kazar concludes. "This requires a shift in our approach to selling life insurance as well as life insurance buying models. We must fulfill the demand for digital and meet members where they shop—online."

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

"Even if you take a traditional (static) application and put it online as a 'fillable' document, you're still not providing the full digital experience."

– Tom Kazar

MORE ON INSURANCE

Three Health Benefits Trends Employers Should Watch in 2019 (*cumanagement.com/021819skybox*)

Assisting Members With Medicare Enrollment (*cumanagement.com/0219assisting*)

Board *Succession Success*

FIVE BEST PRACTICES FOR ATTRACTING QUALIFIED NEXT-GEN DIRECTORS

BY IAN WARNER

Recruitment and succession planning are two tough challenges boards face. A recent KPMG (*kpmg.com*) report shows 80 percent of S&P 500 boards have an average age in the 60s.

In this competitive recruitment environment, credit unions must take stock of whether their governance practices are creating a barrier to attracting new directors. Here are five best practices for attracting qualified, next-generation board members.

1. ALIGN TO A VISION

As a 2016 Deloitte (*deloitte.com*) survey revealed, the younger generations are full of business idealists, aspiring to make positive contributions. Your CU's vision can spur them into action and motivate them to support you. How you communicate your vision is important, too. Reminders of your purpose should be woven into each board meeting and noted in your strategic priorities. All board decisions should be tested against your mission.

2. CONNECT PEOPLE

Potential board members are looking to learn from peers, find mentors and increase their personal networks. Be sure to include influential current directors in your recruitment meetings. It's also a good idea to establish mentoring relationships between new and older board members as part of your onboarding process.

3. PROVIDE 24/7 ACCESS

Directors in their 40s or younger expect mobile connectivity. They are accustomed to juggling work, family and board contributions with the help of smartphones and tablets. Providing self-serve, online access to complete board communications is essential. Board portals—purposely built to present vital board information (including meeting dates, contacts and board packages)—have proven an intuitive way to do this. Technology also helps to quickly onboard new directors.

4. RUN HIGH-INPUT MEETINGS

Expect younger directors to want to contribute quickly and make a difference. They often prefer digital agendas that include direct links to related documents and time-boxed discussions where they can raise questions and add their comments before board meetings. In addition, all directors are best engaged with focused, efficient meetings that discuss strategic topics and address difficult issues. Ask for the fresh perspectives of new board members where relevant, and be candid about the knowledge they must gain to help make informed decisions.

5. BE INCLUSIVE

Up-and-coming leaders increasingly strive to be part of diverse, progressive organizations. To attract them, CUs need to consider ways to increase gender, age, ethnic and racial board diversity. Recruiting highly connected, diverse next-generation leaders gives you reach into their networks for future recruits. Beyond recruitment, all directors need assurance that they have equal opportunity to be heard, and not just at in-person meetings. Technology that supports online discussions, equal-weight voting on decisions, and fair and timely access to information for all directors is essential.

TECHNOLOGY A HELPFUL TOOL

As you ready your board for succession, consider how technology can ease the transition.

Board portal technology like Aprio (*aprioboard portal.com*) gives every director a single place online to find complete, secure board information. Using a portal makes onboarding simple and demonstrates to potential directors that you communicate efficiently and equitably, care about making meeting prep convenient, and operate with transparency. Aprio is easy to learn, and quick, personalized training ensures that every new director is engaged in your CU from the moment they sign on.

Ian Warner *is president/CEO of CUES strategic provider Aprio Inc.* (aprioboardportal.com)*, Vancouver, British Columbia, the board portal that makes good governance simple and affordable for CUs large and small. Warner also is an experienced board chair and director. Before joining Aprio, he was COO of Vancity, Canada's largest CU. PointWest Credit Union, University of Iowa Community Credit Union, VA Desert Pacific Federal Credit Union and Kitsap Credit Union are among the many CU customers that trust Aprio to simplify meeting preparation, efficiently engage directors and achieve well-run board meetings.*

MORE ON BOARD PORTALS

Why Email Votes Are Too Risky—and How a Board Portal Can Help (*cumanagement.com/0319emailvotes*)

CUES Unlimited+ membership (*cues.org/memberships*)

Aprio demo (*cues.org/aprio*)

4 Keys to Selecting *a New Core Processor*

CUProdigy™

FACE CONVERSION WITHOUT FEAR.

BY CUPRODIGY

With the industry focus on digital transformation, there's a good chance that your legacy core is holding you back. A core conversion is not without risks. While each credit union's needs are different, there are four factors that every credit union should consider.

1. TECHNOLOGY

An open, modern, API-driven core platform is essential for CUs that want to remain nimble and relevant. This nimbleness includes the ability to quickly and easily integrate third-party systems. Many legacy cores make it difficult and/or expensive to integrate any systems not built by the core provider. That's no longer acceptable. A thriving, growing CU must be able to rapidly integrate and deploy third-party products, regardless of vendor.

2. DELIVERY

In the past, CUs had two delivery options: in-house or service bureau. Cloud-based delivery has emerged as the third and compelling option. Some argue it's the only viable option for the future.

The choice between in-house and service bureau was straightforward. If a CU wanted maximum control of its technology, it chose in-house and accepted responsibility for maintaining all the hardware. A CU that wanted someone else to do the heavy lifting of running the core (and was willing to give up some control) chose service bureau.

Thanks to incredible advances in bandwidth over the years, a cloud-based system can provide all the control of an in-house system with indistinguishable performance. Yet, like service bureau, cloud-based solutions relieve the CU of having to buy, maintain and upgrade on-premise servers.

3. BUSINESS MODEL

Core systems are available from public corporations, private companies and CU service organizations.

Public companies make money for shareholders. While there is nothing wrong with that, a CU owned by its members and focused on returning value back to member-owners can get frustrated following the money trail through Wall Street.

Privately owned companies are generally smaller and may seem to offer more personalized service than a big corporation. But private owners must at some point retire and cash out. That path has led to many core processors being sold to larger providers, i.e., a return to the public company provider model.

The evolution of CUSOs has created a modern, cooperative choice for a contemporary core processing solution. CUSOs are cooperatives, an extension of the CU and its member owners. Like public companies, CUSOs are focused on their shareholders, but the shareholders here are *the CU and its members*. When CUSOs deliver beautifully designed solutions, the member recognizes value. CUSOs don't have private or public owners waiting for the big payday of an initial public offering or private exit strategies. CUSOs drive value back to the member.

4. EXECUTION

Most companies believe they have great customer service, with matrices to show how many calls were taken, problems resolved or customers spoken with that month. However, customer service is merely a subset of what we at Prodigy call "execution." Great service simply requires an attentive, customer-facing presence. However, great execution requires an obsession for superior performance at every level of the organization—that means every employee.

Execution is perhaps the most important component of all and, at the same time, it can be the most difficult to measure without the ETT equation: Execution + Transparency = Trust. If you want to know how a potential provider measures up, ask the credit unions being served by the provider for their ETT grade of that company.

Referrals are critical. What do current users of the system you are evaluating have to say about that provider's execution? Do they do what they say they will do? Do they engage you in transparent collaboration? Do they invite you in and drive your patronage through utilization? Do they drive value back to your member owner?

Modern times require modern technology. Focus on these four factors and face core conversion without fear.

CUProdigy (cuprodigy.com) *is a CUES Supplier member based in Layton, Utah. It leverages cloud technology to deliver a modern, versatile core processing platform, as well as virtual infrastructure services that can be used by any CU, regardless of core.*

The Premier Learning & Networking Event for CU Directors

Directors Conference

December 8-11, 2019 | Orlando, FL
Loews Royal Pacific Resort at Universal Orlando™

Calling all credit union directors. Don't miss the chance to join your fellow board members for a just-right blend of education, networking, and inspiration at one of Florida's most popular resorts. It's where:

- World-class business education fosters critical thinking skills
- Theory meets application to support comprehensive, effective governance
- Attendees accrue ideas, strategies and peer relationships to take home

Bring your entire board along for maximum benefit!

Hurry! Register today at cues.org/DC.

CUES
POTENTIAL, REALIZED.™

Now Available: *Supervisory/Audit Assessments*

CUES and Quantum Governance L3C (*quantumgovernance.net*), have expanded the suite of assessment offerings with a new Supervisory/Audit Committee Assessment. The latest addition to our assessment offerings, Board Governance Assessment, CEO Assessment and Director Skills Assessment, the new Supervisory/Audit Committee Assessment analyzes the effectiveness of this vital committee at credit unions of all sizes.

"Just as you assess your board, it's also important to assess your committees—in particular, your supervisory or audit committee, which has a lead role in effectively governing your credit union," says Michael Daigneault, CCD, CEO of Quantum Governance. "Along with CUES, we are committed to strengthening credit union boards, committees and executive leadership, and our assessments are just one of the many ways we are able to honor that commitment."

The new Supervisory/Audit Committee Assessment gathers candid feedback from the perspectives of your committee members, board members and senior management team in the following areas: leadership, meetings, membership, committee culture, working relationships with key stakeholders, committee learning and education, and roles and responsibilities.

Results from this anonymous online assessment tool will help boards and senior management teams determine just how effectively this important committee is currently operating. Purchasers will be able to identify their committee's strengths and weaknesses, as well as opportunities and challenges to prioritize and address for future growth, including areas of focus for continuing education, scope of work, future nominations and more. To purchase this assessment or any of the others offered by CUES and Quantum Governance, visit *cues.org/products-services/board.*

Keep Up With the *Speed of Payments*

Few things in the financial industry evolve as quickly or transform as rapidly as the payments landscape. Yet the payments strategies your credit union implements are vitally important—they can have a long-lasting impact on your profitability and greatly affect member satisfaction.

The bottom line? You have to keep up with the speed of payments if you're going to remain relevant.

The lessons you'll learn at Payments University (*cues.org/payments*), Sept. 11-12 in San Diego, will help you respond to changes agilely and identify and learn to respond to "weak signals"—emerging opportunities and challenges that can make or break your payments strategy—while designing offerings with your members in mind.

Payments University's combination of the live-taught online session and in-person learning were created specifically to give credit union executives the tools and hands-on experience they need to develop the smartest payments strategy.

Walk away with everything you need to develop a comprehensive payments strategy, and prepare for an uncertain and rapidly changing competitive landscape. You'll benefit from hands-on experience as we discuss the latest trends, including:

- the importance of the seven key strategies to accelerate digital transformation and their role in payments evolution;
- understanding emerging opportunities and threats;
- designing offerings with your members in mind; and
- responding to weak signals.

Plus, you'll head home with a strong payments strategy ready to present to your credit union team. And you will earn the Certified Payments Strategist (CPS) designation when you complete all course work and the assigned project.

Register today to take advantage of the early bird price, as rates increase $400 after July 26.

Webinars & Elite Access

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

ON DEMAND

Discover Your Best Self … As We Focus on Diversity. Using Various Numerators and Common Denominator (Recording)

JULY 16

1 p.m. Central

Cognitive Collaboration: The Perfect Way to Blend Artificial Intelligence & Humans to Serve Members (Webinar)

JULY 17, JULY 31 & AUG. 7

1 p.m. Central

Operating in a Collaborative World (Elite Access)

JULY 24

1 p.m. Central

How to Move Your Digital Offering From "Catch Up" to "Catch Me" (Webinar)

AUG. 20

1 p.m. Central

Q&A Forum: Is Member Service a Differentiator or an Expectation (Elite Access)

AD INDEX

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

Strategic Governance *in an Era of Disruption*

Disruptive innovation has changed the financial services game. Will your CU survive the assault—and thrive—without adapting?

CUES Board Chair Development Seminar (*cues.org/bcds*), Sept. 16-17, at La Fonda on the Plaza in Santa Fe, New Mexico, provides a comprehensive knowledge base to board chairs and high-potential directors who want to enhance governance performance and lead their organizations to success in an era of rapid change. During this highly interactive seminar, attendees will discuss the responsibilities and challenges of being chair, the chair/CEO relationship, oversight of performance and risk and the chair's role in leading governance.

Fair, objective leadership is a sticky subject for some board chairs, observes Michael Daigneault, CCD, principal and founder of Quantum Governance L3C. "A number of chairs were quite passionate about refraining from board votes," he recalls (*cumanagement.com/0419balancing*). "Their passion appeared to flow from a strong desire to ensure that they not exert any undue influence over their colleagues on the board." While Daigneault agrees that chairs must remain unbiased in their facilitation of board meetings, "this doesn't mean that at the end of the dialogue, your chair isn't also a full-fledged member of the board with his or her own beliefs, perspectives and ideas"—and thus should cast a vote. Learn more from Daigneault, including how to achieve this balance, as he leads the seminar this fall.

Immediately following is the CUES Director Strategy Seminar (*cues.org/dss*), Sept. 18-20, a three-day course focused on educating directors on the critical issues and opportunities posed by the rise of fintech. JP Nicols, co-founder of FinTech Forge, will lead attendees in sharing and learning best practices from industry leaders and actionable takeaways that can be applied immediately at their credit unions. "Your business model works until it doesn't, and your success in the past is a poor teacher for what it will take to be successful in the future, particularly in this era of rapid and dynamic change," Nichols warns (*cumanagement.com/050619skybox*). Boards must ensure that even if their organizations are thriving today, current success does not blind them "to a shifting landscape and emerging threats and opportunities."

Learn more and register at *cues.org/bcds* and *cues.org/dss*!

Attend Board Chair Development Seminar, Sept. 16-17, and Director Strategy Seminar, Sept. 18-20, in spectacular Santa Fe, New Mexico.

2019-2020

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

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

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

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

CUES SCHOOL OF LENDING™
Sept. 10-12
DoubleTree by Hilton Hotel
San Diego–Mission Valley

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

CUES CERTIFICATE IN BUSINESS LENDING
Sept. 13
DoubleTree by Hilton Hotel
San Diego–Mission Valley

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

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

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

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

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

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

Maximizing Your *Mentor Relationship*

BY JENNIFER STANGL

Have you ever had or been a mentor? If not, you are missing out. Regardless of your experience or whether your organization offers a program, this is a relationship you should seek.

No one is too good to have a mentor, and all of us can build on our current abilities. Plus, we all have knowledge and skills to offer. Building a mentor relationship—whether formal or informal—empowers those involved to develop.

As CUES President/CEO John Pembroke writes in the *CUES Guide to Effective Mentorship* (*cues.org/mentorship*), "mentees get value in a mentorship ... however, in the best mentoring relationships, mentors get value as well." Regardless of your role, your mentoring effort will be enhanced by implementing the tips below.

1. KNOW WHAT YOU WANT

Mentee: Identify what you are looking for in the relationship and share it. The more you understand about what you want and share with your mentor, the better you can drive your conversations. *What skills are you looking to develop? Do you want to develop a greater strategic mindset? What are your career goals?*

Mentor: Understand what you can give and be open about what you'd like to see from the relationship. Set boundaries and guidelines to build open, honest communication. *What do you hope to learn as a mentor? How do you think you can best support your mentee's career development/goals? What contacts do you have within the organization or industry that could provide support to you or your mentee?*

2. KNOW THEM

Mentee: Know your mentor. The more you know about your mentor, the more you know which of your goals he/she may be able to support. This may involve looking at your mentor's LinkedIn profile or asking questions. *What are his/her current responsibilities? How did he/she get to where they are today? What departments or functions does your mentor work with directly?*

Mentor: Know your mentee. Get a picture of his/her career history via a LinkedIn profile or ask your mentee. Be cautious of others' perspectives, as you want to be careful to avoid influencing your view of the individual before you meet. *What is his/her current role? Where else has he/she worked in the organization or the industry? What are his/her career goals or aspirations?*

3. BE A PARTICIPANT

Mentee: Ask questions, share your own insight and perspectives, and challenge assumptions. Reflect on your own skills or interactions and be honest about ways you can develop. *What assumptions have you made about your development? Do you have a different viewpoint to share?*

Mentor: Recognize you not only have something to give, but something to gain from the relationship. Challenge your own thoughts and ideas on how to achieve a goal and what you can learn from your mentee. *What assumptions have you made that have impacted your own goals? What skills do you want to develop and how might these interactions support your growth?*

Mentorships are not designed to be one-sided directive relationships. They are most effective when you have open, honest dialogue. By understanding yourself and your mentor/mentee, you can engage in conversation and move the relationship in a way that provides benefit for all involved.

Jennifer Stangl *is CUES' director of professional development.*

Read the full post and leave a comment at *cumanagement.com/052719skybox.*

"What's keeping your members up at night? Their overall financial picture? Major financial decisions, such as buying a house, and making the right choices? Not knowing if they will be approved for a loan? Find out. Then use what you learn and help them minimize their financial worries."

Steve Heusuk, senior manager, competitive & market intel at CUESolutions provider CUNA Mutual Group (*cunamutual.com*), Madison, Wisconsin, in "The Digital Experience Is Critical ... For Now" on CUES Skybox: *cumanagement.com/050819skybox*

PAYMENTS FUEL GROWTH.
CO-OP FUELS PAYMENTS.

EMPOWERING MEMBER
EXPERIENCE

- CONSULT
- INTEGRATE
- ENGAGE
- **PAY**
- PROTECT

Payments are quickly becoming the key to achieving preferred financial institution (PFI) status with your members. With digital payments alone expected to hit 726 billion by 2020, balancing relentless security and a seamless experience is the surest way to capture your share of payments and stay top-of-wallet. Created for the betterment of credit unions, CO-OP helps you strike that balance and fuel growth.

Get empowered at coop.org.

Be There. Be More.

CO-OP℠ FINANCIAL SERVICES