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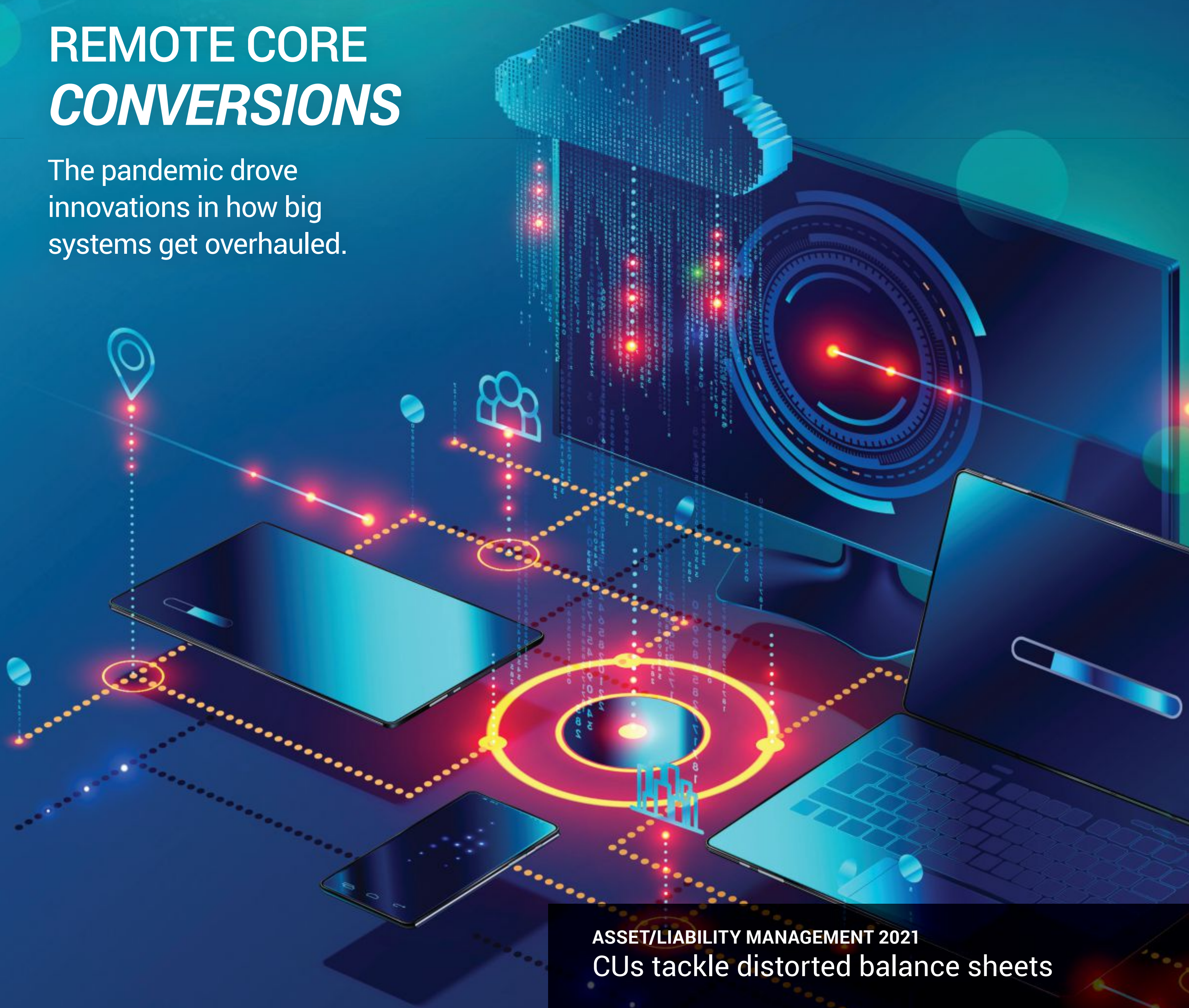
REMOTE CORE *CONVERSIONS*

The pandemic drove innovations in how big systems get overhauled.



ASSET/LIABILITY MANAGEMENT 2021
CUs tackle distorted balance sheets

DIGITAL MARKETING
Tackling weakness, finding opportunity

BOARD PORTALS
A guide to governance tech selection

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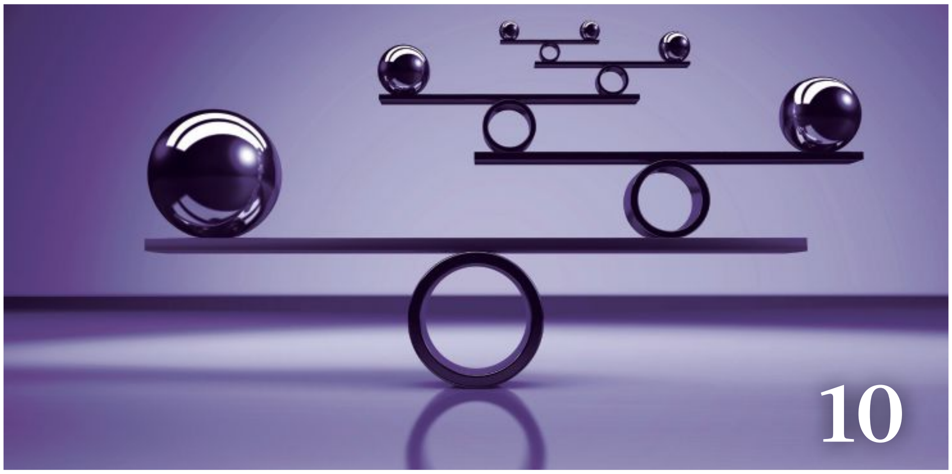

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Talent development has been of crucial importance to the growth and success of individuals, teams, departments and organizations for a long time—but today it must also be flexible.

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Chief Diversity Officers Need Grit, Experience, Certification and the Right Spirit

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cumanagement.com/podcast109

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YOUR THOUGHTS

HOW DID COVID-19 IMPACT YOUR CU THE MOST?

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

Our Pandemic *Year*

This month, we mark the grim anniversary of the COVID-19 outbreak being declared a pandemic.

Our pandemic year has brought many changes in the way we live and work. We wear masks to the office (if we even go to work outside of our homes). We Zoom instead of meet. We teach algebra (or try to!) in between meetings.

We've had to find ways to make work what we thought could never possibly work! For example, many believed that having credit union staff telecommute just couldn't be successful. But this year has shown that credit unions can operate very, very well when staff members are working remotely. And now we are better equipped to work through the next natural disaster or even just a snowstorm.

Before 2020, was anyone looking to do a remote core conversion? It just didn't seem feasible. But the credit union and vendor leaders interviewed for our cover story share how they successfully changed core systems remotely during the pandemic year—and why they would do it that way again! Read more on p. 22.

In financial services, we've been talking about digital transformation for years, but 2020 seems to have been the year to turn the talk into reality.

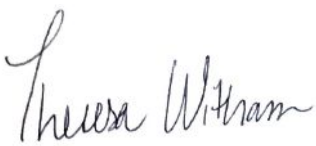
"While credit unions were already moving to a digital-first experience, the pandemic forced a lot of members to figure out how to self-serve—and many will continue to use this option," says Jedd Taylor Sr., director/digital strategy at CUES Supplier member Franklin Madison (*franklinmadison.com*), Franklin, Tennessee. "Credit unions that can deliver a quality, convenient digital experience—as well as help members plan for the future and manage life's uncertainties—will emerge as leaders."

Taylor is quoted in "Digital Delivery and Marketing, 2021 Edition." The article explores the weaknesses that the pandemic exposed and how nimble credit unions responded with new marketing and service opportunities. Read more about how credit unions are shifting their digital marketing strategies this year, starting on p. 16.

Did your asset/liability committee have a wild ride in 2020? In "ALM Rebalancing Act" (p. 10), we look at how CFOs and ALCOs are tackling distorted balance sheets in 2021 after surviving the knocks of 2020.

Finally, we have all been forced to think about our mental health—and the health of our teams. Doing so is incredibly important. I'm glad that the content we've created about self-care has been some of the most popular on *CUmanagement.com* this year, and we'll continue to add to our collection on this subject. Find our latest article, "The Value of Valuing Mental Health," at *cumanagement.com/0121mentalhealth.*

It's encouraging to see that so many of you are thinking about—and likely taking action on—this important aspect of wellness. Your employees, families and members and you yourself will be better for it.



Theresa Witham
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Matt Kaubris,
CEO, Oxford FCU

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A Needling *Issue*

CAN YOU REQUIRE EMPLOYEES TO GET THE COVID-19 VACCINE?

Now that COVID-19 vaccines are being distributed nationwide, it's only a matter of time before CU employees will be going back to their offices and branches. This presents a potential problem for CU employers, because if their employees are not vaccinated, their staffers could contract COVID-19 and would likely have a greater chance of infecting others. Therefore, CUs are now asking whether they can require their employees to get the COVID-19 vaccine.

The answer is yes. On Dec.17, the Equal Employment Opportunity Commission issued written guidance stating that employers can, as a condition of employment, require employees to be vaccinated. The EEOC said that having a mandatory COVID-19 vaccination policy would not violate the Americans with Disabilities Act because vaccinations were not considered "medical examinations" or "inquiries" under the ADA.

POTENTIAL EXEMPTIONS

If CUs make COVID-19 vaccinations a requirement, they need to be aware of the following two potential exemptions:

1. Medical Exemption: Employees may be exempt from mandatory vaccination policies if they can demonstrate that they have a medical disability recognized under the ADA that prevents them from taking the vaccine. CUs can require employees who want to claim this exemption to provide supporting evidence, such as a letter from a health care provider. Once a disability is substantiated, CUs must excuse employees from getting the vaccine if the employers can adopt reasonable accommodations without incurring any undue hardship. An undue hardship would exist if unvaccinated employees pose a direct threat due to a significant risk of substantial harm to the health or safety of others that cannot be reduced by reasonable accommodation.

To determine what reasonable accommodations might be appropriate, CUs would have to engage in what is called the "interactive process," which is basically a dialogue with the affected employees to determine what would enable them to continue performing their essential job functions without compromising the safety of others. Potential accommodations might include additional personal protective equipment (masks, face shields, sanitizers, etc.), moving workstations, temporary reassignment, teleworking or a leave of absence.

Additionally, the EEOC recommends that CUs consult guidelines from the Centers for Disease Control, National Institution for Occupational Safety and Health, and Occupational Safety and Health Administration when considering what types of reasonable accommodations to adopt.

2. Religious Exemption: Employees may also avoid complying with a mandatory vaccination policy by indicating that such a vaccine is against their religion. To do so, employees would have to demonstrate that taking the vaccine would violate their sincerely held religious beliefs, practices or observances. This is known as the "religious accommodation" provision of Title VII of the Civil Rights Act of 1964. Importantly, non-religious beliefs—even if they are sincerely held—would not trigger Title VII's protections. Therefore, employees could not avoid getting the vaccine based on their political affiliation. This is important given the number of Americans that are still expressing generalized concerns about the vaccine.

In the event employees are able to demonstrate that their sincerely held religious views prevent them from getting vaccinated, CUs will have to engage in the same interactive process of accommodation as discussed above in the medical exemption.

Unfortunately, it is not easy to process and handle exemption claims. This can be a huge trap for the unwary—the stakes of which, if the employer gets it wrong, can be extremely expensive. And to complicate things further, CUs need to consider several other issues when dealing with COVID-19 and the vaccine, including,

- Potential liability if CUs fail to follow safety protocols to protect their customers and employees;
- Employee privacy rights (including those protected by Health Insurance Portability and Accountability Act, or "HIPAA");
- How to best inform and advise employees about third-party vaccinators' pre-shot health screenings (any information regarding genetics, disabilities or any other protected information is not collected); and
- Making sure that all employees are treated the same, especially those that claim any of the exemptions.

ENCOURAGE EMPLOYEES TO GET THE VACCINE

Due to the risks associated with having a *mandatory* vaccination policy, CUs may wish to simply "strongly encourage" their employees to take the vaccine.

Alternatively, CUs can try to incentivize employees to be vaccinated by offering them a one-time monetary bonus if they get vaccinated. For example, Dollar General Corp. is advising its workers that if they get the vaccine, they will receive an additional four hours of pay, and other companies like Trader Joe's, Instacart and Aldi are rolling out similar programs.

If CUs adopt mandatory vaccination policies, it is vital that they:

- properly identify exemption claims;
- funnel them to appropriate human resources personnel;
- troubleshoot specific accommodation requests; and
- know how to handle difficult and potentially litigious situations.

The laws and regulations regarding COVID-19 are constantly in flux, with local, state and federal rules and orders sometimes changing by the day or week.

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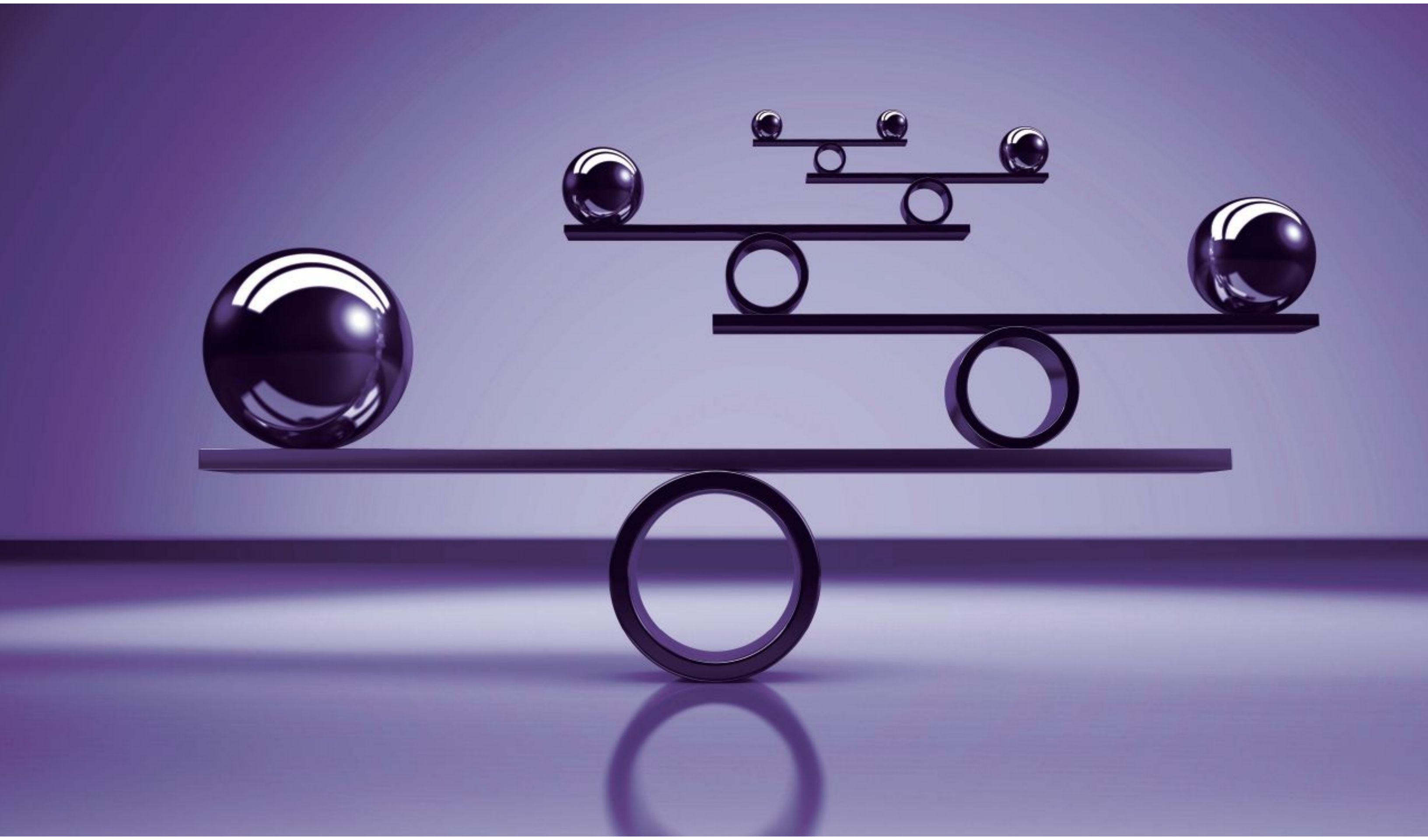
What are some of the main priorities for CUs today?
Without a doubt, a big part of what helps a CU thrive is successfully mitigating risk in every area. Prudent risk management is critical to carrying out such vital functions as maximizing profitability and maintaining superior member relationships.

Keeping up with technology, too, is a priority. These days, updated technology isn't a service enhancement—it's essential to CUs' survival. We spend a lot of time researching and exploring technologies that could help CUs so we can be a thought leader and resource as they navigate the incredibly rapid changes happening in today's technology landscape.



ALM *Rebalancing Act*

CFOs AND ALCOs TACKLE DISTORTED BALANCE SHEETS IN 2021 AFTER SURVIVING THE KNOCKS OF 2020.

BY RICHARD H. GAMBLE

Credit unions are moving through 2021 with skewed balance sheets, asset/liability mismatches and pinched net worth after the turbulent and disruptive but survivable hurricane called 2020. The experience varied from credit union to credit union, from state to state and even from month to month.

That mixture of good and bad months added up to a pretty decent 2020 financially for 4Front Credit Union (*4frontcu.com*), a $715 million institution in Traverse City, Michigan, according to CUES member Karl Pagel, SVP/finance.

"In the spring, a lot of economic activity had pretty much shut down," he says. "By late summer, we could barely keep up with loan demand. By December, things were relatively calm."

4Front CU grew by $150 million in 2020, exceeding its $105 million projection, fed by the influx of deposits. Loans—particularly indirect auto and home mortgage—absorbed some of that liability surge, but the investment portfolio doubled, from $60 million to $120 million, Pagel reports. Lower asset yields were offset by lower costs and greater fee income to the point where 2020 earnings were up a bit over 2019 in dollars, he explains, but down 5 basis points in return on assets due to its bigger balance sheet.

As assets outgrew earnings, net worth fell from 11.5% at the first of the year to 10% at year-end, Pagel reports. The CU is fine with 10% to support operations but prefers more so it can take advantage of merger opportunities, he notes.

4Front CU likes liquidity as a strategic enabler, Pagel says, but with more than enough, he's tweaking the investment portfolio to include a few corporate and municipal securities, some with longer maturities, to go with its mostly vanilla holdings. As an organic hedger, 4Front CU is keeping a balance between asset and liability maturities. Only one capital project was postponed

"Not all the loans (we made in 2020) are ideal for our portfolio strategy, so we cherry-pick the ones that fit and sell the others. We try to avoid undue concentrations of any one loan type or maturity."

— Karl Pagel

in 2020—a website redesign that is back on track for 2021.

Belts are tighter now at $620 million CommonWealth Central Credit Union (*wealthcu.org*), San Jose, California, reports CUES member Viktoria Earle, CIE, CCE, the CU's CFO. "Due to the shock in interest rates and a decline in consumer spending in 2020," she says, "we saw significant margin compression and a lower ROA." But net worth remained above 9%, and the CU was still able to offer loan deferrals and emergency loans, she adds.

2020 left footprints all over the balance sheet of the $1.7 billion Northern Credit Union (*northerncu.com*), Sault Ste. Marie, Ontario. It bulked up the CU from $1.55 billion in assets at the end of 2019, reports CUES member Tammy Buchanan, VP/CFO, fed by the surge of deposits. Net interest margin fell by 20 basis points. The investment portfolio leaped from $100 million to $250 million, she reports, so Northern CU defensively laddered maturities to guarantee turnover and pick up a little gain from going longer.

"Our cash position is up dramatically," she says, partly due to a 15% decline in unsecured loans as nervous members used government stimulus money to reduce or pay off credit balances and increase savings. Some secured loans were paid off too, but robust mortgage activity pushed up secured loans by about 5%.

"Lower capital is something we keep an eye on," Buchanan says, "but less of a concern as the economy has strengthened, as unsecured debt declined and as delinquencies and defaults stayed in line with past years." Operating costs have been cut when possible, she adds.

Overall, "the pandemic has strengthened our financial operations," Buchanan says. "We're much more focused on informed forecasts now. Now we do it monthly, and we have in-depth sessions with our business lines and departments to improve our rolling forecasts. It was more work at first but now is part of our routine."

"2020 was not a great year for our income statement," observes CUES member Derek Fuzzell, chief financial and strategy officer of $253 million PAHO/WHO Federal Credit Union (*pahofcu.org*) in Washington, D.C., which serves employees of the Pan American Health Organization and the World Health Organization.

Interest rates plunged, and assets repriced in greater amounts and faster than liabilities. "The return on our investment portfolio took a dive," he says. "Net income was squeezed, but we weathered the storm effectively and didn't need to sell any assets."

EARLY PAYDOWNS

Mortgages pushed up loan growth a bit, Fuzzell reports, while credit card outstandings fell as people paid down balances. Due to layoffs and work-from-home arrangements, he explains, some members in the D.C. area sold a car they no longer needed and paid off that loan. "Fortunately, we had great mortgage production," he adds.

To pick up some yield in 2021, he is considering more loan participations. Delinquencies were low and came mostly from members who were struggling and missing payments before the virus, he notes.

PAHO/WHO FCU did make one strategic investment that paid off: It put money in its pension plan. "Back in June, it looked like a good time to add stocks," Fuzzell says. "The market was low and would rebound at some point, so we put $7 million in the plan in $1.5 million increments." Because the plan is 65% stocks, "we saw a big payoff there."

2021 will be a slow year, Fuzzell expects. Some mortgage refinancing will still trickle in. Those based on dual incomes couldn't refinance until one unemployed partner went back to work, he illustrates. The run-up in housing prices in the D.C. market may signal a bubble, he cautions. "There is very low inventory in the repurchase market, which is causing some inflation concerns," he observes.

LOANS: HOLD OR SELL?

Loan demand was a pleasant surprise for many CUs in 2020. Vehicle lending turned out to be a bonanza, Pagel reports.

"We saw some of our biggest months ever, after a weak spring," he notes. COVID-weary consumers were not only buying cars but also motorized toys. "It was a phenomenal opportunity," he says.

Ditto for mortgages. "The housing market in northern Michigan was supercharged in the fall. It was a dramatic pivot." Some of the mortgages were refis by existing members, but most were new businesses, he notes. "A lot of the refinancing activity had occurred earlier."

That 2020 boom in lending left CUs with choices that they will live with in 2021, notes Frank Farone, managing director of Darling Consulting Group (*darlingconsulting.com*), Newburyport, Massachusetts. Indeed, the year offered opportunities for asset/liability committees and finance staff members to reshape their organizations' balance sheets. The big question, he says, is whether they used those opportunities to prepare for the squeeze that is coming in 2021 and beyond or whether they went for 2020 income by selling loans and taking what could be a one-time gain.

Farone has an opinion. "2020 was a banner year for many CUs," he says, "not for net interest income, which declined, but for fee income on loan sales. A record number of mortgages were originated or refinanced, mostly 30-year fixed. ALCOs had a choice. They could hold the mortgages at historically low rates around 3 to 3.50%, or they could sell them and pocket a nice reward in fee income.

"The fees are a one-time event. And then what happens?" Farone asks. "They put the money in Fed funds or the equivalent at around 25 basis points. That gives them even more liquidity," he notes. "Three percent on a mortgage doesn't seem like a great rate, but it's a lot better than 25 basis points (.25%), a rate that is likely to stick, according to Fed comments."

Adam Johnson, CEO and principal of c. myers (*cmyers.com*), a financial analysis and strategic solutions provider based in Phoenix, has another opinion. For many CUs, a big tactical question in 2020 was what to do with mortgages they were creating.

"There was no one right answer," he asserts. "The size of the gain from selling was unusually large, so that changed the analysis." Some credit unions simply chose. Others modeled the consequences of their moves first. Depending on circumstances, the models led some to sell and some to hold, Johnson reports.

With plenty of loans, is 4Front CU holding or selling? Both, Pagel says. "Not all the loans are ideal for our portfolio strategy, so we cherry-pick the ones that fit and sell the others. We try to avoid undue concentrations of any one loan type or maturity," and picking up some income from the sales has helped to cushion the net income decline. The credit union is keeping more auto loans than it used to, he adds.

> "The pandemic has strengthened our financial operations. We're much more focused on informed forecasts now."
>
> — Tammy Buchanan

NET WORTH

Lower earnings have eroded net worth at many credit unions, Johnson points out. This poses a dilemma. Finance staff members can either try to build net worth back to traditional levels or they can take a fresh look at what they need, he explains.

Don't just assume that rebuilding net worth should be a credit union's top priority now, Johnson cautions. His advice: Collect data and analyze it. Any moves should be part of a coordinated strategy that recognizes and weighs consequences across the whole organization and over an extended timeline, he insists. Set net worth targets in light of the risks and opportunities the credit union sees and its risk tolerance.

"2021 will probably be a year of tighter margins and reduced earnings," he notes, "but also a year that presents real opportunities for enterprising CUs to show strength and improve their strategic positions. The status quo is in play."

Some CUs do very well at 11% net worth, Johnson observes. Others do well at 9%. There's no magic number, he notes. If a CU has slipped from 11% to 10% or even 9%, getting back to 11% will carry a real opportunity cost that CUs have to recognize and factor into any decision, he explains. The decision can have huge consequences, he warns. "It needs to be determined by boards and senior managements using a structured financial analysis that connects to strategy."

One way to recover net worth is to cut expenses, he notes, but if the credit union stops funding strategic initiatives, that could help income and net worth in 2021 at a real cost to the future of the CU, he points out.

At some point, capital is king, observes Claude A. Hanley Jr., partner in Capital Performance Group (*capitalperform.com*), Washington, D.C., and most CUs are coming off a year of eroding capital or net worth. "Keeping capital adequate is essential; it has to trump any growth strategy," he warns. And the quickest effective way to raise capital ratios, unpleasant as it may be, is to shrink the balance sheet by selling assets, perhaps including older investments that have higher yields and will command a good price.

LIQUIDITY

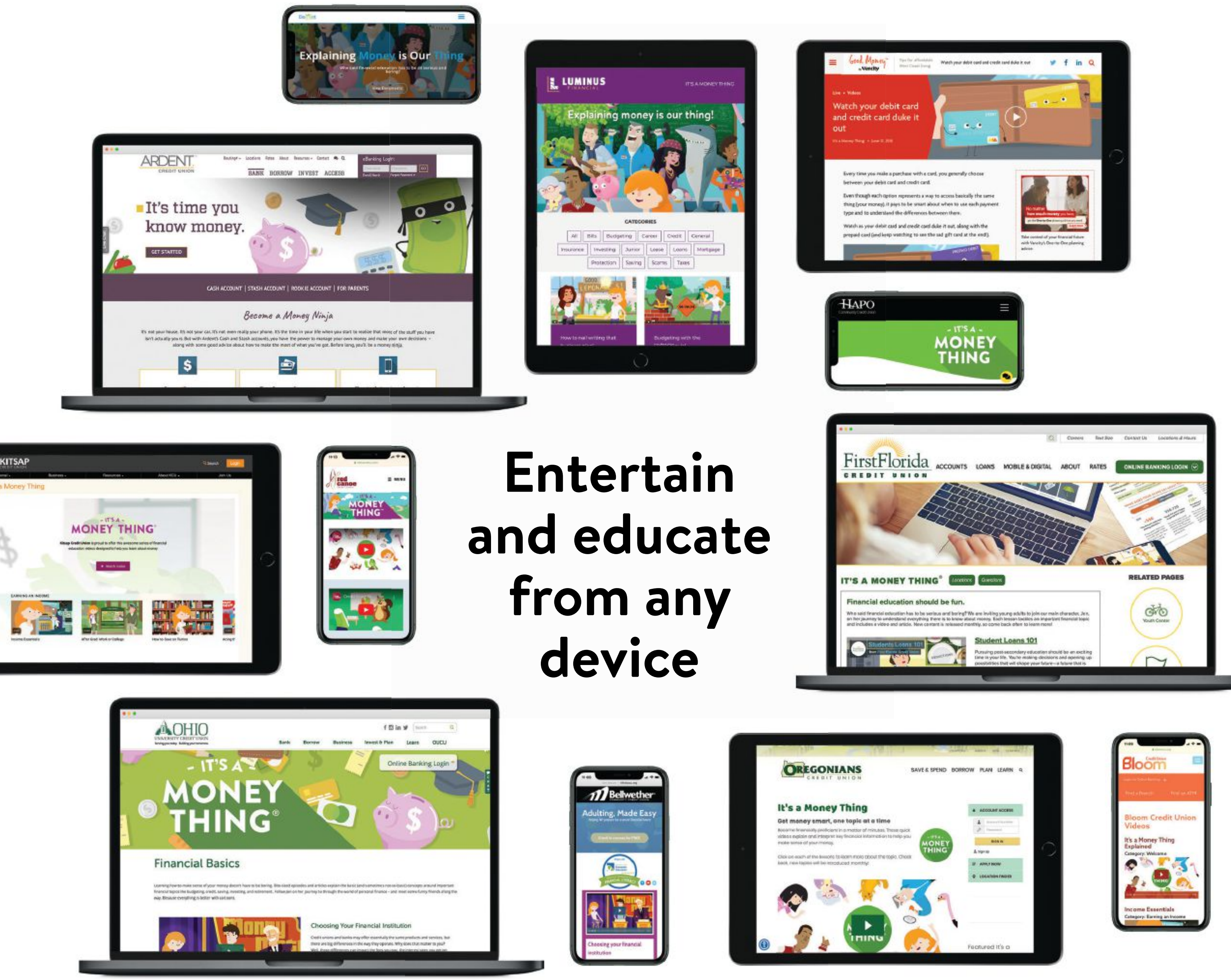
A third key decision is what to do with the liquidity bulge. Liquidity is close to 20% across the credit union industry, Hanley notes,

ALCO Changes *for 2021*

Asset/liability committee meetings should feel different these days, says Frank Farone, managing director of Darling Consulting Group (*darlingconsulting.com*), Newburyport, Massachusetts. "Change the focus. Change the conversation, and, most importantly, make sure you have the right people in the room," he urges. The conversations that take place will make a difference; different ALCO meetings will produce different outcomes, he predicts.

An effective ALCO, Farone says, is the right people with the right strategy using the right software. Don't underestimate the power of this committee. Its decisions, informed by models, will determine the CU's financial performance. "Remember, the purpose of using ALM models is to raise questions," he says. "And those questions should lead to more questions that ultimately lead to effective strategy development and action."

The CFO may be responsible for choosing the ALCO package and for gathering forecast data from the business lines, he explains, but the decisions should be made by the committee.



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>
> — Adam Johnson

MORE ON FINANCE

Financial Forecasting Models for the Pandemic and Beyond (*cumanagement.com/0221forecasting*)

CFO Focus: How Your Asset/Liability Management Model Makes Budgeting and Forecasting Easier (*cumanagement.com/0121cfofocus*)

The Impact Of 'Negative Rates' on Credit Unions (*cumanagement.com/120720skybox*)

Expenses Need to Be Cut, But Not in My Department (*cumanagement.com/1120expenses*)

which is huge, and could go up more with another round of stimulus checks. That surge won't recede any time soon, he suggests, so it's safe to extend investment maturities.

The investment portfolio at PAHO/WHO FCU grew from $75 million to almost $100 million during 2020, Fuzzell reports, while the average yield fell from 2.25% to 1.15%. Current investments are yielding just 8 basis points for Fed funds and up to 50 basis points for securities tied to LIBOR, he says. At those rates, going long doesn't seem rewarding, he indicates.

The starting point, Farone insists, is to run off liquidity by cutting deposit rates to the bone even if they are already historically low.

"Bring down CD rates," he says. "You don't want to encourage members to go long. Peg CD rates to Federal Home Loan Bank advance rates, minus one-eighth of a percentage to start. What will happen? Nothing, except maybe some 'hot money' leaves. Forget competition. Deposit yields have become close to irrelevant to members. If you do lose a big deposit or two, you're probably losing a negative spread on that account."

ASSET YIELDS

The best solution and the biggest challenge for finance committees and ALCOs right now is to increase the yields on earning assets safely, Hanley notes.

"You might gain a basis point or two by playing with investments, but to gain more than that, you have to consider other earning asset classes or other risk tiers," he says. "You have to do it prudently, but you probably have to do it. Most credit unions can't save much more on deposit costs or overhead. You have to stay in business, and that depends primarily on making profitable loans."

Maturities also matter, Farone points out. That's why booking and holding fixed-rate mortgages, even at current rates, makes sense—those risk-adjusted rates are about as good as a credit union will get. "Without adequate asset yields," he warns, "CUs may not have enough margin to cover overhead."

Capitalizing on that opportunity may come from using sophisticated models supported by artificial intelligence to find ways to put on higher-yielding assets without increasing actual risk. The solution is all in the algorithms, says Jesse McGannon, VP/advisory services for Strategic Resource Management Inc. (*srmcorp.com*), a CUESolutions Bronze provider based in Memphis.

"It's possible to use data analysis to accept 30% more loans without increasing default levels," he says, "or to reduce defaults by 15%, keeping the same level of approvals. These are staggering numbers."

The dark winter of COVID-19 may end soon, but the dark winter of financial institution survival probably will go on, Farone concludes, predicting that yields will continue to fall, even if interest rates don't change.

The flurry of mortgage activity is dying down. Farone expects fixed-rate mortgage rates closer to 2% as lenders become desperate to drive volume and spreads tighten. And automobile loans will not be much different, he adds, because loan demand is waning rapidly.

The best investment a credit union can make today is not a loan or financial instrument but in technology, emphasizes Connor Heaton, VP/intelligent automation and AI at Strategic Resource Management.

"It's not news that robust digital capabilities will be table stakes in the future, and building those capabilities and the culture necessary to support them doesn't happen overnight," he says, noting that CUs may need to start considering tech in a new light.

"It's always been hard to assign ROI to a digital investment," he explains, "but it's very real, both in the direct benefits to customer experience and in the foundation it builds."

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

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Digital Delivery and Marketing, *2021 Edition*

THE PANDEMIC EXPOSED MAJOR WEAKNESSES IN ONLINE BANKING, BUT NIMBLE CUs HAVE DISCOVERED NEW MARKETING AND SERVICE OPPORTUNITIES.

BY STEPHANIE SCHWENN SEBRING

Over the past several years, credit unions were already ramping up digital marketing and 24/7 digital banking access. But when the pandemic hit, they suddenly found that a safe, seamless remote experience was the only good option for serving members.

"Like many businesses, credit unions were initially concerned about the impact to business fundamentals, such as loan losses, along with member safety and ease of access to their services," notes Jedd Taylor Sr., director/digital strategy at CUES Supplier member Franklin Madison (*franklin-madison.com*), Franklin, Tennessee. "Member communication, with messages of care and how to bank remotely, also took the place of traditional marketing. Above all, staying quiet was not an option.

"While credit unions were already moving to a digital-first experience, the pandemic forced a lot of members to figure out how to self-serve—and many will continue to use this option," adds Taylor. "Credit unions that can deliver a quality, convenient digital experience as well as help members plan for the future and manage life's uncertainties will emerge as leaders."

Terrill Herbig, president of The BA Group (*thebagroup.com*), Northfield, Minnesota, says the messaging and delivery channels credit unions choose must be in tune with the market and public sentiment—but that doesn't mean going dark during tough times.

"Having been through the Great Recession—and seeing the detrimental effects of credit unions laying low or waiting out uncertain times—we advised clients not to abdicate their voice to their field of membership. Remember, it's always easier to keep the momentum going versus restarting from a standstill," Herbig says.

NEW OPPORTUNITIES

As the shutdowns lengthened, credit union messaging and product focus shifted to "distress products," such as personal loans with smaller loan amounts, shorter terms and expanded credit guidelines, payment skips and financial counseling. Herbig notes that these products can easily be made "shelf-ready" so credit unions could pull them out again should members fall on hard times in the future.

"The beauty is not having to change the rates, terms and other details of the loan," he explains. "Even after the pandemic, this tactic will be an excellent way for credit unions to change up their creatives and messaging for loans to address current needs with minimal effort.

"The advertising infrastructure should be in place to maintain a consistent presence and be ready to adapt to changing market factors," Herbig adds.

CUs have already applied that concept to existing loan products in the midst of the pandemic. "Personal loans also became 'home office' or 'home school loans,' covering everything from technology purchases to home office furniture," says Herbig. "[Recreational vehicle] and home equity products became hot as well compared to previous years, as the 'staycation' replaced long-distance vacations, and home improvements and repairs became a priority."

Taking a macro view of economic uncertainty—including assisting essential workers and members displaced from manufacturing jobs during the pandemic—can also bring to light new opportunities for credit unions, offers James Robert Lay, founder and CEO of the Digital Growth Institute (*digitalgrowth.com*), Houston, Texas.

"People are living and working longer, and job displacements will continue to happen," notes Lay, whether due to the pandemic or future economic and workforce shifts. "The right digital tools can keep a credit union in touch with these shifting demographics and stay transformational to their changing needs ... while providing helpful guidance and recommendations based on individuals' personal spending behavior."

Meeting member needs at the onset of the pandemic required an unprecedented level of agility. "I think in many ways, we amazed ourselves in how quickly we could pivot and move faster than previously thought," reflects Doug Brown, SVP/general manager/digital banking for NCR Corporation (*ncr.com*), Atlanta, an enterprise technology provider for restaurants, retailers and banks. "During the pandemic, marketing teams gained invaluable insight into the types of content members interact with and can use the data collected to provide relevant marketing material.

"Today, blanketed marketing campaigns are interpreted as spam by members and basically ignored," Brown adds. "Members demand a personalized experience that includes relevant content when and where they need it most."

Not surprisingly, the adoption of digital products and services increased substantially in the past year. App download rates increased by as much as 56% for some credit unions when COVID-19 hit, Brown reports. In addition, millions more dollars were moved via mobile apps. "Mobile banking volume increased from about 55% to 70-75% during the COVID crisis," he says. "And during the week of April 13-17, 2020, we saw an increase of 260% to 320% over prior peak activity."

$3.2 billion Canvas Credit Union (*canvas.org*), Denver, is among those CUs that experienced notable growth in the digital space. Through November 2020, the credit union experienced a 6% increase in online banking registrations over the same period in 2019. Money movement options (transfers and peer-to-peer transfers) also grew 8% year-over-year, and digital payments grew 13% year-over-year.

"This growth is exciting, especially with payments, because it demonstrates deepening engagement as members use us in more robust ways," says Tansley Stearns, chief people and strategy officer for Canvas CU.

"Employees are your greatest advocates. Beyond the branch's physical boundaries, let them promote the credit union to their online and social communities."

— James Robert Lay

"With this uptick of overall usage and new users, marketing teams have had to flex their muscles and move quickly to create content that alerted customers to both new and existing features," he notes. "Messages included ... tutorials for new users, alerts to enroll in online bill-pay or geolocation notifications with updated branch hours or closures."

WEAKNESSES EXPOSED

Though such rapid digital adoption has created opportunities for credit unions, vulnerabilities were also revealed during the pandemic. "Since digital banking has been historically limited to transactional self-service, credit unions weren't equipped to drive robust marketing and sales in the context of personal service," reflects Lee Wetherington, director of strategic insight at Jack Henry (*jackhenry.com*), Monett, Missouri. "As a result, transforming self-service digital banking into full-service digital banking (including sales) has become an existential imperative for credit unions of all sizes everywhere.

"Credit unions have traditionally relied upon their branches to drive the sale of products and services face-to-face," maintains Wetherington. "For example, members might see marketing ads in the digital channel, but many if not most of those ads were not actionable end-to-end *inside* the digital channel. Rather, they pointed members to branches or call centers to complete registration or activation of new accounts or services. The pandemic exposed these shortcomings in completing digital marketing calls-to-action."

Consequently, the pandemic created an urgency for credit unions to advance their digital marketing. This includes making all marketing ads actionable, having marketing and sales happen instantly and conversationally in the context of personal service, at the moment of need, and making marketing and sales happen consistently and seamlessly across online banking, mobile channels and credit union's website.

All of these needs require robust digital marketing capabilities, stresses Wetherington, including integrated member relationship marketing, content management system and ad engines that allow non-technical credit union staff to easily create, launch, track and manage marketing campaigns. Staff should also be able to perform the segmentation necessary to target ads to specific members or prospects.

TRANSFORMING THE MEMBER EXPERIENCE

"Nothing will make a credit union realize how much improvement their website or app needs like everybody trying to use it at once," says Katie Hamilton, digital marketing manager for The BA Group. "The online experience needs to be just as good as the in-branch one."

Hamilton references an April 2020 McKinsey Financial Insights Pulse Survey, which found, she notes, that "15% and 14% of consumers will, respectively, use more online banking and mobile banking services, versus 5% and 8% that will use less once the COVID-19 crisis ends. That survey also shows in-branch transactions, phone transactions and video chats will respectively decrease by 18%, 16% and 20%."

The key is to focus on a flexible digital infrastructure, perhaps implementing a new or upgraded website while targeting digital convenience, says Hamilton. "Also, remove internal hurdles like cumbersome (or non-existent) online loan applications [or a] lack of payment research tools (calculators), among others."

Digital options have also come to the fore in member communications. "Call centers were overwhelmed as lobbies closed, so members reached out via Facebook messaging for issues," Herbig says. "This highlighted the importance of digital communication between member service and the credit union's social media platforms."

Credit unions should conduct a digital member experience audit, advises Hamilton, and at a minimum:

- offer online applications and pre-approvals if they are not already available;
- improve online and mobile banking apps to include services previously only offered in-person;
- build specific landing pages for products to improve the user experience, page quality scores and ad performance;
- allocate more budget to digital and social media ads instead of in-branch advertising; and
- target existing members with relevant ads to gain additional business from those with existing brand awareness.

Herbig suggests that all signs point to an increase in digital ad spend. "Last year we saw a decrease, but 2021 should be a year to regain momentum. Display advertising spend looks to increase by roughly 26% (*eMarketer, July 2020*) and social network ads by 21% (*eMarketer, October 2020*)." The takeaway? 2021 will be a crowded marketplace to attract your potential members' attention, and credit unions should adjust their budgets accordingly.

Hamilton expects a larger focus on local search engine optimization as well, particularly as members look forward to businesses reopening. "It's an important part of optimizing your online presence and a key factor in competing with both local and national brands. For brands that may not have the budget for search ads, focusing on local SEO and 'near me' searches can help a credit union rank better organically."

A good starting point for improving local SEO is to create a Google My Business (*google.com/business*) listing and perform local keyword research for content. "Beyond that, optimizing for voice search will further improve local SEO and ranking," notes Hamilton. "Voice search, in particular, is growing in popularity as more than 41% of adults use it daily, and this year more than 50% of smartphone users will engage with this feature (*tinyurl.com/dbs-voicesearch*)."

Lay points out that the big players will keep investing in advertising, especially digital. "JPMorgan Chase, for instance, spent $2.79 billion on [all] marketing in 2019 (*tinyurl.com/y6g28vdo*). That's more than what Apple or Netflix spent on marketing—and larger than the majority of credit union assets for that matter," he explains. "While some credit unions may be cutting their budgets, now is the time to invest in digital to stay competitive."

However, Lay maintains that the digital ad game is wavering in some ways, most notably due to ad blockers, fraud in the ad space and third-party cookies going away in 2022 (*tinyurl.com/mk2020cookies*). "As a result, a credit union must diversify digital marketing budgets into other channels and strategies, like content that can directly improve organic SEO ranking, while ensuring digital conversion tracking methods provide a positive ROI for all channels," says Lay.

Lay also sees a resurgence of blogging and email marketing—complemented by enhanced video and infographics—reinforcing credit union brands. "It's using valuable content for the long game with digital," he stresses. "To illustrate, $340 million Louisiana Federal Credit Union (*lafed.org*, La Place, Louisiana) has devoted significant resources to their email and blogging content. By offering valuable content and real member stories, the credit union saw ten times the traffic to its blog in 2020, with 55% of those hits coming from organic searches."

DIGITAL STRATEGY POST-PANDEMIC

Canvas CU recently added another pillar to its vision statement: "known for ease of use." "It was imperative prior to the pandemic; now, the demand for an easier, digitally forward approach to service delivery and engagement has increased exponentially," says Stearns. "It starts with consumer research, extending through the brand funnel as the consumer moves towards loyalty. Credit unions should strive to be a trusted advisor, and that role must include digital touchpoints and options."

Digital is getting more personal. "The ability to interact online is growing," observes Taylor. "There's no question that the more you know about your members, the more effective your marketing will be. Data can help match the right message to the right member."

With companies collecting and using more data, Taylor believes consumer privacy will also continue to be a hot topic. "And because regulation typically follows advances in technology, it's important for credit unions to keep their privacy and information security practices up to date."

Members will continue to use digital channels more often, giving marketers more data to leverage. Referencing the Salesforce 2020 *State of Marketing Report* (*tinyurl.com/salesforce2020mkrpt*), Wetherington says, "Marketers have long recognized the importance of data in understanding and engaging customers as individuals. And only 37% of marketers are satisfied with the quality of consumer data they have, and 34% with their data integration efforts."

Salesforce also reports that the median number of customer data sources used in 2020 was 10, a figure that is projected to increase to 15 in 2021. "These sources include transactional data, declared interest/preferences, known digital identities, offline identities and anonymized digital identities," says Wetherington. "By better understanding the member's journey and being there at the moment of need, credit unions can create their own first-party data, which should result in smarter, long-term strategies."

When building your credit union's digital strategy, "it's not so much what other financial institutions will do—it's about what the world will do. And it's the world (Amazon, Google and others)

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>
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MORE ON DIGITAL MARKETING

Valuable Marketing Visuals (*cumanagement.com/0221visuals*)

Inside Marketing: How SEO Can Benefit Your Credit Union (*cumanagement.com/0121insidemarketing*)

Build Trust in a Digital-First World Through StorySelling (*cumanagement.com/1220storyselling*)

Our Members' Focus Has Changed and So Must Ours (*cumanagement.com/1020memberfocus*)

The Law of Least Effort: Relationships vs. Self-Service Delivery in the New Age (*cumanagement.com/082620skybox*)

Move Out of the 'Circle of Chaos' to Your Next Great Digital-First Marketing Opportunity (*cumanagement.com/podcast95*)

your members will compare you to," says Randy Schultz, VP/marketing for CUES Supplier member Strum (*strumagency.com*), Seattle.

"Watch for a recovery phase—helping staff, members and communities move into a new chapter," adds Schultz. "Here, CUs can lean into their core principles and continue what they've been doing to support members, essential workers and DEI (diversity, equity and inclusion) initiatives."

Two great examples to consider are the "Send a Message of Hope" campaign (*sendamessageofhope.com*) by $749 NIH Federal Credit Union (*nihfcu.org*) Rockville, Maryland, and the "&Essential" campaign (*strumagency.com/work/essential*) from $277 million Tucoemas Federal Credit Union (*tucoemas.org*), Visalia, California.

"NIH FCU built a special site in a matter of weeks, inviting anyone (members and consumers) to post inspiring messages of gratitude to healthcare workers and first responders," says Schultz. "As video or photo messages are posted, they're shared with hospitals, healthcare clinics and more. Messages might have been a child's artwork or tribute song. When the frontline workers took a short break or got home from their shift, they could visit the site and get a dose of hope from all who contributed."

Similarly, Tucoemas FCU was looking to do something unique not only for its members but to celebrate essential workers of every kind. Its "&Essential" campaign was built around the truth that every essential worker is more than just a job. "They're mothers, fathers, friends and colleagues," explains Schultz. "They're strong and resilient, focused, and essential—all at the same time. The campaign was also made available to any credit union across the country that wanted to use all or part of it to celebrate essential workers.

"None of this should stop," he stresses. "It's how people are feeling right now, and it's not going away just because it's 2021."

REBUILDING FINANCIAL HEALTH

The pandemic brought financial wellness to the forefront of members' minds, notes Brown, so continuing to educate, advise and make relevant and timely offers will be critical. "Moving forward, credit unions need to go beyond simple cross-sell opportunities and embrace a strategy of empathetic help for members rebuilding their financial health.

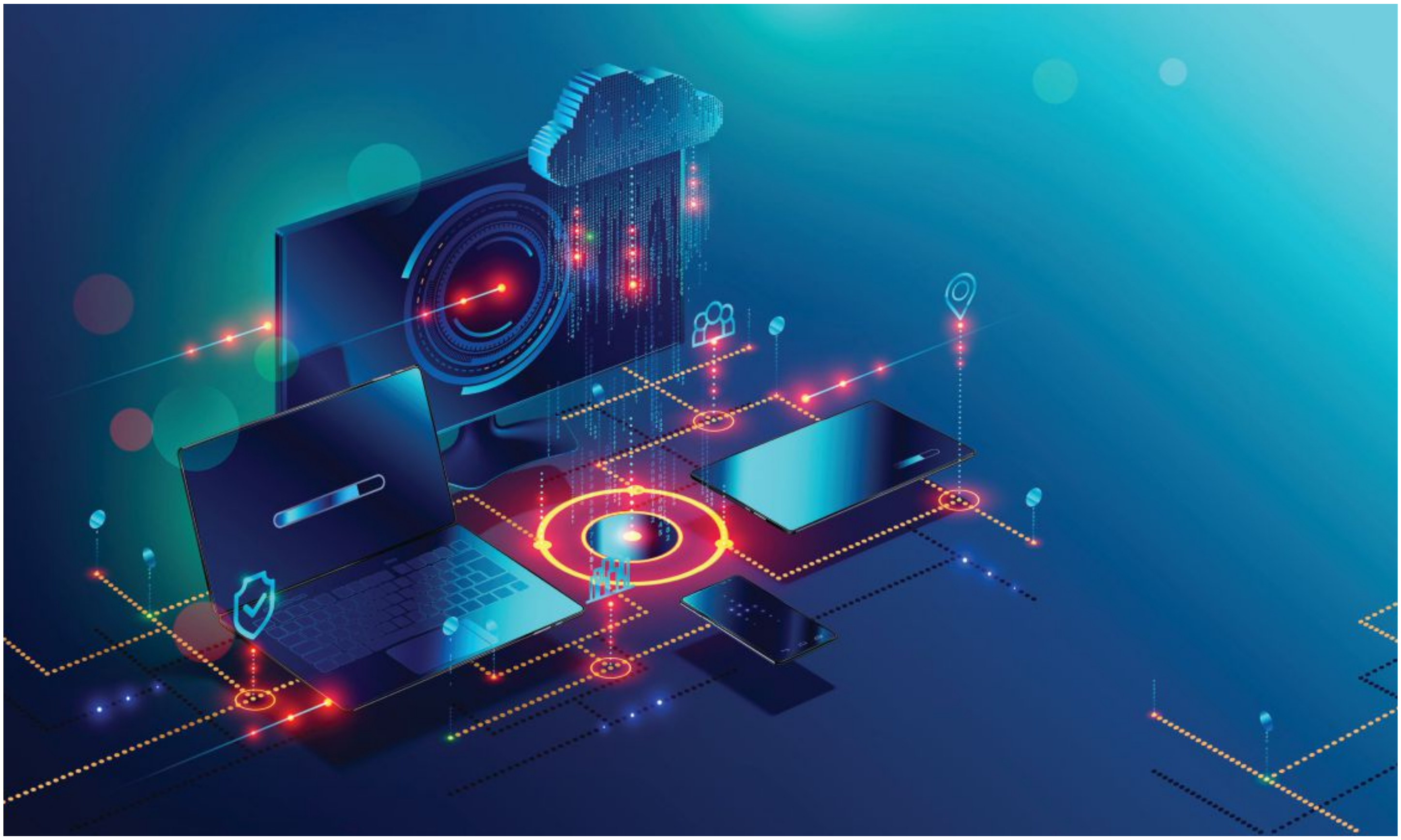
"Empathetic help may encompass a push notification for a potential overdraft for an upcoming bill that is scheduled or an alert that a member is nearing their grocery budget. Credit unions could even go as far as recommending a change in spending habits or advice on how members could pay off credit cards, school loans, etc., and not pay as much interest on these types of debts."

Stearns believes that the financial service brands that win in the next five years will support the consumer's well-being and safety as the impacts of COVID-19 continue. "A project we embarked on before the pandemic was a wellness research study with Filene Research Institute (*filene.org*). Because of the connection between someone's overall well-being and finances, we wanted a vivid, data-driven picture of our members' well-being compared to," she explains. "We were thrilled to learn our members are 'more well' across the spectrum of social, health and financial well-being measures."

Lay suggests looking for the innovators among your staff to act as influencers and promote such financial wellness services: "Employees are your greatest advocates. Beyond the branch's physical boundaries, let them promote the credit union to their online and social communities. In the future, I see their personal brands developing to support the [credit union] brand. Remember, people trust people."

He concludes that there will always be economic challenges and times of displacement or doubt. "Credit unions have a tremendous opportunity to use member and employee digital communications to guide people beyond their financial stress towards a bigger, better and brighter future."

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



Lessons Learned From *Remote Core Conversions*

HOW THE PANDEMIC LED TO INNOVATIONS THAT CAN IMPROVE MAJOR IT SYSTEM OVERHAULS GOING FORWARD

BY GLENN HARRISON

Converting the core IT platform—essentially a credit union's central nervous system—was already a long, complicated, stressful process before the COVID-19 crisis hit. Credit unions that were mid-conversion when the nationwide shutdown began in March 2020 faced even more obstacles. But making the necessary jump to remote core conversions has been largely successful, and that shift has taught credit unions and vendors alike how to improve major system conversions now and after the pandemic.

"There's something amazing about what happens when people are forced—for good or bad reasons—to do something differently and find a way. And the pandemic did that," says Lauren Duffy, EVP/COO of $599 million UMassFive College Federal Credit Union (*umassfive.coop*), Hadley, Massachusetts.

The credit union began its conversion to Fiserv's DNA core system (*fiserv.com*, Brookfield, Wisconsin) in the fall of 2019 and went live with DNA in November 2020.

Shortly before the pandemic struck, the UMassFive College FCU conversion team had been working on-site with Fiserv employees to finish data mapping: matching the format of data in their existing database fields with the format that would be required for their new databases.

But before they could begin the crucial testing stages, the credit union shifted employees to working remotely. Fiserv did the same.

UMassFive College FCU, Fiserv, a team of consultants and other vendors involved in the project conducted the most crucial events in the conversion—training, two rounds of preliminary testing, a mock conversion and the actual conversion—almost entirely remotely. Did it work? "Absolutely—we'd do it the same way again, even with no pandemic," says Duffy.

THEY'D DO IT AGAIN

Duffy says she missed the comfort and camaraderie of face-to-face teamwork during the difficult, stressful phases of the conversion. But she notes that connecting with Fiserv and other vendors remotely had crucial advantages, including the following:

- The credit union didn't have to pay travel expenses for Fiserv and other vendor employees.
- Because vendor employees didn't have travel days—which can be complicated by weather and other variables—they were more available.
- Credit union and vendor employees didn't have to cram all their interactions into standard business hours as often as they would have while working face-to-face.

Duffy acknowledges that last point can be a double-edged sword, especially for middle managers. They have to run day-to-day operations and core conversion preparations at the same time. "These are the people who know the details of how to best set the new system up. So, you cannot recognize and reward that team enough," Duffy says.

Working from home means you're never really out of the office. For many employees, this added more pressure to what they were already enduring because of the pandemic, she points out.

"As a leader, you have to be the one to give that group permission to unplug—to pace themselves," Duffy says. "You don't want people burning out three weeks before go-live."

COMMUNICATION BUILDS CONFIDENCE

When employees are working on the core conversion around the clock, setting up a good project communication system is critical to keeping everyone coordinated, says Duffy.

Duffy and her team used the Slack (*slack.com*) business communication platform to create channels for making certain decisions, to escalate issues to the appropriate experts and to get answers.

"The beauty of this type of technology is that everyone can see answers to specific questions. You've got a great way to accelerate the sharing of knowledge and resources," Duffy notes. "It really helped us stick together and build our confidence."

The credit union also brought in Zoom (*zoom.us*) for internal video conferencing.

"It's important to have your own internal team culture and communication tools, even if they're similar with what you use to communicate with Fiserv," Duffy says. "Not all of your conversations involve the vendor. You've got to make sure your team is ready to own this new product yourselves."

REMOTE TRAINING WORKS

After Fiserv shifted to almost completely remote operations, its staff mainly communicated with UMassFive College FCU via Microsoft Teams chat and video conference tools (*tinyurl.com/msteamschat*). As with the credit union, Fiserv found advantages that will help the company even after the pandemic.

Doug Donofrio had led Fiserv core implementation teams before becoming SVP/core system general manager, so he's seen the core conversion process from many angles. He offers a few examples that illustrate the value of strong remote support for core conversions:

- Say, for example, a staffer is serving a member shortly after a core conversion and can't immediately recall how to find the screen needed to complete a transaction. With face-to-face support, the staffer may have been able to tap a Fiserv expert on the shoulder to get the answer right away, or the member may have to wait. Now, questions go right to a fully staffed chatroom, and answers come very quickly.
- Fiserv conversion experts on site at a credit union served only that credit union. As it turns out, it's actually better to have a central staff remotely serving several credit unions that are going through conversions at the same time, according to Donofrio. "That has helped us resolve some issues a lot faster and provide an even better client experience. Also, a subject matter expert supporting multiple credit unions can head off issues before they occur because they may have just come across that issue with another credit union," he says. "That's our new normal going forward, because it's been very successful."
- On-site employee training is effective, Donofrio says, but Fiserv has found that conducting remote training sessions can be better for credit unions because they don't have to pull large groups of employees away for sessions. Instead, they can have a few key employees take the training remotely, use the web conference tool to record the sessions, and the rest of the staff can take the training whenever they need it most. Based on this experience, Fiserv has moved training sessions earlier in the conversion process in many cases. "Credit unions can consume training at their own pace, and they can also use it later for new hires," Donofrio notes.

"Our team members and the credit union team members all said, 'Let's embrace the changes and work through it together.'"

– Shanon McLachlan

SAFE FCU'S CENTRAL TRAINING

Core conversion training for SAFE Federal Credit Union (*safefed.org*), Sumter, South Carolina, turned into a hybrid centralized model. The core system vendor, Symitar (*symitar.com*), San Diego, a division of Jack Henry, had completed a 12-week cycle of on-site, train-the-trainer sessions when the COVID-19 shutdown began in March 2020.

According to Director of Continuous Improvement Wayne Keels, SAFE FCU's core conversion program manager, the original plan had been for the trained employees to spread out among the branches to train the rest of the 300-plus employees of the $1.3 billion credit union in February. Then they'd return to their own branches to help co-workers through the conversion in early May.

But not only was it no longer practical to have their trainers traveling, recalls Keels, several trainers tested positive for the virus and had to quarantine. "Because of the redundancy we had built into our training plan, we were able to absorb that impact," he says.

SAFE FCU had four full-time trainers on staff before the conversion, and the credit union converted eight of its tellers into core conversion trainers. So even when some of them couldn't participate, the training still got done in time.

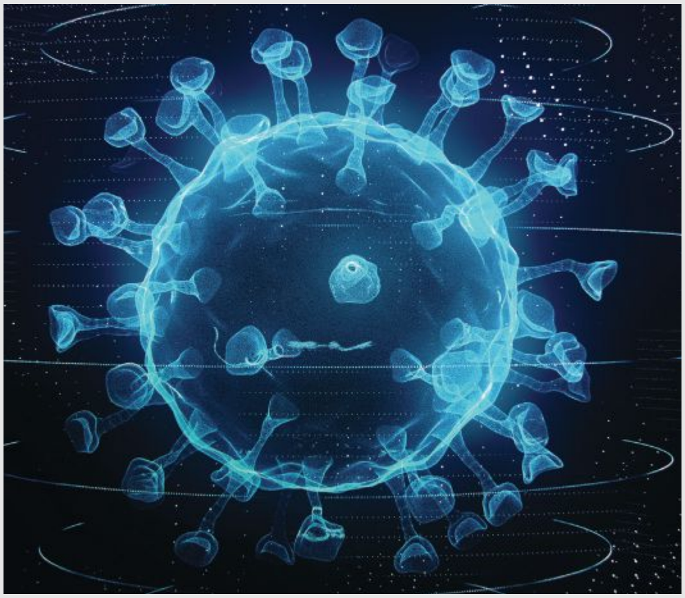
Keels says they accomplished this by bringing branch employees to a safe, central location to maximize the remaining trainers' time. Fortunately, SAFE FCU had recently completed a new training room designed for 24 people. Following COVID-19 safety procedures, they were able to host 12 trainees at a time. That meant they had to book extra training sessions, and with testing sessions taking place as well, the new training space was in use around the clock, says Keels.

CROSS-POLLINATION

Keels notes that some challenges brought on by the pandemic reinforced the importance of bringing employees from all parts of the credit union together very early on in the core conversion process to get them involved in choosing and customizing a solution.

"Don't just hit everyone with, 'This has to change.' Listen to their pain points [about the existing system]. Map those pain points to the new technology and new procedures and show them how these pain points can be alleviated," he advises.

Teaming up branch employees with IT employees early in the process also helped SAFE FCU recruit and prepare trainers



Why Convert Your Core System *During a Pandemic?*

Some credit unions stopped or delayed core system conversions because of the pandemic, for obvious reasons. But the two credit unions featured in this article are among many who chose to forge ahead despite the headwinds caused by COVID-19.

Why?

The answer for both credit unions boils down to a basic business concept: opportunity costs. In other words, the cost for these organizations *not* to convert their core systems when they did outweighed the advantages of waiting for conditions to return to "normal"—whenever and whatever that may be.

CIO Kevin Thomas of $1.3 billion SAFE Federal Credit Union (*safefed.org*), Sumter, South Carolina, says the CU's previous core system had originally been installed in 1989—the IT equivalent of the Bronze Age. It had been steadily adapted over the years to meet evolving needs, but Thomas says it had simply reached its limit.

"We needed a core that was programmed in a language that's robust enough to adapt to what employees need to do their jobs efficiently and to provide the types of services members are expecting now," Thomas says.

Completing the remote core conversion during a national health crisis was difficult, and the credit union is still working through completing upgrades made possible by the new core system. But overall, the decision to move ahead with the conversion has been a huge success, says Wayne Keels, director of continuous improvement for SAFE FCU, who oversaw the conversion.

"We replaced hundreds of hours of manual procedures with automated processes," Keels says. The improvements range from as simple as getting reports with a click instead of submitting a help desk ticket to as complex as a new customer relationship management tool that integrates seamlessly with the CU's new Symitar core system, Episys.

Gaining CRM capabilities was also a key reason $599 million UMassFive College Federal Credit Union (*umassfive.coop*), Hadley, Massachusetts, saw an urgent need to keep its core system conversion on schedule in 2020, says EVP/COO Lauren Duffy.

The credit union's previous core system, Fiserv's Portico, is calibrated for credit unions considerably smaller than $599 million. The CU had updated Portico as far as it would go, and Duffy knew that converting to Fiserv's DNA core system would significantly upgrade services for members and improve overall back-office efficiency.

An upgrade Duffy especially desired is that DNA assigns different products to a single account for each member, rather than assigning a separate membership for each product or service. In other words, someone who wanted two checking accounts previously was assigned two separate memberships. This made many aspects of member service, marketing and data analysis difficult or impossible.

"Now, you can see every relationship you have with the credit union with one login. It matches the way we live and bank now," says Duffy.

She points to one simple but very popular program that UMassFive College FCU offers members as a good example of how the new core system has changed the credit union's workflow. It's called "Co-op Points (*tinyurl.com/2r45wvd1*)," which members earn for many types of transactions. They can turn in their Co-op Points for benefits like waiving fees, lowering loan rates, etc.

Duffy says the program used to require multiple manual procedures for every transaction. Now, DNA runs the whole thing in the background. It may seem like a small thing, says Duffy, "but for the people who work on the front lines of this organization, that custom development is a huge efficiency gain."

"Don't just hit everyone with, 'This has to change.' Listen to their pain points [about the existing system]. Map those pain points to the new technology and new procedures and show them how these pain points can be alleviated."

– Wayne Keels

from existing staff, and that has continued to pay dividends, Keels adds.

When branches closed due to the pandemic, the credit union devoted even more full-time employees than originally planned to training and other critical conversion tasks.

Project manager Jason Fuller led the effort to clean up the existing core databases, so the data would flow accurately into the new core system. He says at least half a dozen tellers and branch managers trained as database validators. "They became a team of specialists who worked through the data cleanup and the extensive testing we did to make sure the conversion went smoothly," says Fuller.

These branch employees plus other tellers-turned-trainers learned the new core system from the inside out. After returning to their branches, they've been a valuable resource for co-workers, explains Keels. He calls this "cross-pollination," and he says it was worth the time investment to pull these employees out to focus on that work full-time.

MAKE THE CONVERSION A FULL-TIME JOB

The SAFE FCU Episys core conversion was one of a dozen that Symitar conducted remotely from mid-March through the end of 2020—along with more than 100 other remote system implementations. Assigning a full-time team early in the conversion process, as SAFE FCU did, is critical to a well-run conversion of this magnitude, says Symitar President Shanon McLachlan.

It also helped that the credit union's team had strong communicators at the helm, especially after the process became remote.

"Nuance can get lost in emails, phone calls, voicemails—even in video conferencing," McLachlan says. "The credit unions that have been most successful have identified employees who are good communicators on virtual channels and devoted them full-time to the conversion."

McLachlan believes that incorporating more remote communication into a hybrid approach when the pandemic has passed will be an improvement. But he does want to return to some face-to-face interactions.

"In-person contact drives deeper relationships—you get a deeper sense of a credit union's culture and what's most important to them," he says. "You get that in conversations while you're waiting for a job to process or having lunch together and just talking about the day."

THE BIGGEST SURPRISE

In a year of big surprises—many of them terrible—perhaps the biggest surprise for everyone who talked with us about these two core system conversions was that there were no big surprises on go-live day.

That's the day dreaded by all involved, especially after putting in many 12- to 18-hours days in a row, as Duffy did in ramping up for UMassFive College FCU's conversion day—which also happened to be her birthday.

Yes, it was a busy day, and issues cropped up, Duffy says, but overall, the team followed its detailed conversion playbook, and all went well. "Best birthday present I could have asked for—I've wanted this for a long time," Duffy says.

At SAFE FCU on go-live day, Keels says he and his team leaders were asking one another, "Wait a minute—there should be more smoke and fire ... shouldn't there?"

McLachlan of Symitar has been struck by how all parties in this difficult situation have handled remote core conversions. "Our team members and the credit union team members all said, 'Let's embrace the changes and work through it together.' That was amazing. That was impressive. And I think it says a lot about the community that we get to work in."

Glenn Harrison *writes for* Credit Union Management *from Stoughton, Wisconsin.*

MORE ON CORE CONVERSIONS

Measure Twice, Convert (Your Core) Once (*cumanagement.com/0221measure*)

How to Select Core Tech (*cumanagement.com/0320select*)

Developing Employee Superusers (*cumanagement.com/0719developing*)

More From Your Core (*cumanagement.com/0719more*)

Tech Time: Selecting a New Core Vendor on a Limited Budget (*cumanagement.com/0619techtime*)

Years Beyond *Binders*

GOVERNANCE TECH IS ESSENTIALLY ESSENTIAL. HOW CAN YOU CHOOSE THE RIGHT SYSTEM?

BY LAURA BYRNE PAQUET

Back in the olden days—the 1990s, let's say—getting the documentation together for a board meeting was a tedious job.

Credit union administrators had to find or create minutes, agendas, reports and other documents, print or photocopy them, three-hole punch them and insert them into binders. Inevitably, last-minute changes would require more collating, with lots of double-checking to make sure each binder was accurate and identical. Finally, the binders would have to be packaged and mailed to directors, soon enough to ensure they had time to review them before the board meeting.

In time, some organizations began creating PDFs of paper packages and distributing them via secure email, but that didn't solve the problem. As CUES member Judi Teti, executive assistant to the CEO and board liaison at $1.3 billion Franklin Mint Federal Credit Union (*fmfcu.org*) in Chadds Ford, Pennsylvania, recalls, "It was challenging, to say the least. If changes were made to the board package and directors didn't download the copy, they were not prepared, because they didn't have the latest version."

Fortunately, computers have revolutionized this function. These days, many CUs use board portals to simplify everything from preparing the board packet to voting and approvals to document storage and meeting scheduling. In all, this tech gives board administrators extra time for more complex tasks.

When creating board packets, for instance, board liaisons can build them in stages, as information arrives, instead of having to compile everything in a mad rush at the end. Once the package is done, it can be pushed out automatically to all board members and easily updated.

Board portals are also a boon to directors. Most allow access to the latest materials on a wide range of devices and platforms, from iPhones to Windows desktops. Some also provide secure areas for video-conferencing and other online collaboration.

"Board portals are an absolute essential in today's day and age ... they have just taken us into the next century," says Carol Jaquish, executive assistant to the president/CEO at SPARK The Energy Credit Union (*sparkcu.ca*), a $272 million CU in Calgary, Alberta.

MAJOR BOARD PORTALS

If you are looking to change board portals or to implement one for the first time, here are some of the most popular CU systems:

Aprio (*aprioboardportal.com*), Vancouver, British Columbia. Aprio Inc. entered the market in 2004. Based in Canada, the company also has a U.S. office in Blaine, Washington. Clients include government, corporate, financial, health care, not-for-profit and Indigenous organizations.

BoardEffect (*boardeffect.com*), Washington, D.C. Initially designed for educational institutions and nonprofits, BoardEffect now has more than 2,500 client organizations in various sectors. It was acquired by Diligent (see below) in 2017.

Diligent Boards (*diligent.com/board-management-software*), New York. Founded in 1994, Diligent has offices around the world. About half of Fortune 1000 companies use its portal.

MyBoardPacket (*myboardpacket.com*), Arroyo Grande, California. Developed in 2001 for a group of financial institutions, MyBoardPacket has grown steadily.

Passageways OnBoard (*passageways.com*), Lafayette, Indiana. Created at Purdue University in 2001, Passageways OnBoard now has offices in multiple locations and more than 2,000 clients.

MAKING AN INFORMED CHOICE

Choosing from the wide range of board portals may seem like an overwhelming task. Here are some steps to take in your search.

- Ask colleagues what they are using, and what they like and dislike about their systems. Teti's team took this approach when assessing BoardEffect, which her CU went on to adopt.
- Solicit input about needed functions from everyone in your CU who will be using the portal, including board members.
- Have the developers demonstrate the board portal to your team, either in person or via videoconference.
- Consult technology experts for advice.
- Use online resources such as Capterra (*capterra.com*) to find and compare packages of interest.

Depending on your CU's unique needs, some of the factors you may want to consider when assessing a board portal include cost/value, usability, functionality and continuous improvement. Let's look at each of these in turn.

COST/VALUE

Get a quote on the portal's license fee. Ask whether it varies based on the size of your organization or the number of users. Find out whether you can pay it in installments. See if there are different versions of the portal, such as "light" and "pro"—perhaps a lighter version has all the functions you need. And ask whether there are additional fees for support, document storage, mobile apps, etc.

In some cases, a portal may help you reduce current expenses. CUES member Debbie Pfingsten, executive assistant at $1.3 billion Meritrust Credit Union (*meritrustcu.org*) in Wichita, Kansas, noted that her organization was able to stop licensing a meetings software package after it implemented Passageways OnBoard, a CUES Supplier member, which offers a similar function.

USABILITY

Here are a few questions to consider regarding ease of use.

- Is the system straightforward to set up and learn? "How are you going to set it up? Who's going to help you set it up? How easy is that process?" asks Pfingsten.
- If you are switching to a new provider, will it be easy to migrate from your current board portal?
- How long does the board portal generally take to implement? Your CU's culture will affect your preferences here. Some CUs may prefer a slow implementation, others a quicker one.
- Does the portal work on all the platforms used in your organization, such as Windows (desktop and mobile), MacOS, Apple iOS, Linux or Android? "I think the most important thing is that it works across all platforms," says Grant J. Sheehan, CEO of the National Council of Firefighters Credit Unions Inc. (*ncofcu.org*) in Coconut Grove, Florida. On this front, he is very satisfied with CUES Supplier member MyBoardPacket. "I have members that use it on their cellphones, or they use it on their iPad. They use it on their PCs, whatever they have, and I have not heard of any complaints."
- Do you need to roll out new technology in conjunction with the board portal? When Meritrust CU adopted Passageways OnBoard, it gave each board member an iPad to use to access it. "We wanted to give them something they could bring to the meeting or have at home," Pfingsten explains. Even though several board members were unfamiliar with the technology, a bit of coaching brought everyone up to speed within three months. "If you have a good IT department, that helps."
- Is it simple to add users to the system? "New directors are not a challenge to onboard to BoardEffect," Teti notes. "It's a very easy platform for both the user and the administrator."

FUNCTIONALITY

Right off the top, it can be useful to make a list of the functions you need and prioritize them. Board portals generally help you do all or most of the following:

- create board packets
- generate reports on board activity
- create polls and questionnaires
- develop and distribute meeting agendas

““How are you going to set it up? Who's going to help you set it up? How easy is that process?”

— Debbie Pfingsten

“Surveys and polls are useful, especially when you’re talking about doing board assessments.”

— Judi Teti

- conduct votes
- share documents and create a document library
- foster online collaboration (such as discussing and annotating documents)
- request e-signatures
- run videoconferences
- designate multiple administrators/users
- work in more than one language

Jaquish uses the portal from CUES Supplier member Aprio and is a big fan of several of the system’s features—such as the e-signature function—that are housed in the library. She notes that the portal’s range of functions is well suited to the needs of SPARK The Energy CU.

“Aprio is very user-friendly,” she notes. “I have experience with one other board portal. It had more functionality, but again, having all the bells and whistles in every facet doesn’t necessarily mean it’s easier or better suited.”

Another function Jaquish appreciates is the ability to automate follow-up of action items when dealing with a large number of meetings. With Aprio, “It’s very easy to filter information and provide all of the action items for, for example, an audit finance committee versus a governance committee.”

Once the items are filtered, Jaquish can send them to the board members in a format that allows them to import items into their calendar and check them off when they are finished.

“Prior to the next board meeting, I run a report on all action items that provides a status update and percentage of completion,” she explains. “Action items are automatically carried forward, from meeting to meeting, until completion. It’s made the administrator’s life easy.”

Jaquish does note a couple of functions she’d like to have. At the top is the ability to annotate documents while using the desktop version of the portal. (That function does exist in the Aprio app, and Jaquish says the company expects to add it to the desktop version soon.) An additional function she would like to see added to Aprio is video conferencing.

Sheehan says he likes the function in MyBoardPacket that grants selective access to certain documents to users outside the organization. Working at a credit union in the past, “I used it to set up a folder and put all our information in it that was going to the federal examiner, and he would ... sign in and read all the minutes and check up on us before he even came into the credit union,” he explains. The examiner “loved it.”

Like many other portal users, Pfingsten finds the document repository of her board portal, Passageways OnBoard, useful for archiving governance documents, strategies, minutes and more.

“It’s web-based, so it’s super easy to get to anywhere,” she says.

Teti is also a fan of the resource library function in her portal, BoardEffect. When archiving, she splits the board packages into separate subdocuments by committee, so that directors can easily drill down to the items they want rather than scrolling through the entire board book.

She says the system also makes agenda preparation easier, and she likes the ability to poll board members through the portal. “Surveys and polls are useful, especially when you’re talking about doing board assessments,” she notes.

CONTINUOUS IMPROVEMENT

The world changes constantly, and software should too. So it’s useful to determine whether the board portal you’re considering is updated regularly based on user feedback and evolving conditions. On that front, all of the users interviewed for this article are positive about their products. Many note that the companies they work with are very responsive to user input, which is often reflected in the next update. “I feel that my suggestions or my asks are being heard,” says Jaquish. “I’m not just sending notes into thin air.”

Once you’ve chosen and implemented a board portal, make sure to explore it thoroughly to maximize its value. Teti advises users to ask lots of questions, as they may find their portal offers functions they didn’t know about. For instance, a colleague asked whether there was an easier way to create the “yes, no, maybe” section in each question on a long board assessment. “I reached out to someone at BoardEffect and, within five minutes, I had the answer that, yes, there’s a copy feature.”

As Jaquish summarizes it, “Like every program, it’s only as good as your willingness to utilize what they have made available to you.”

Based in Ottawa, Ontario, **Laura Byrne Paquet** (ottawaroadtrips.com) *writes about travel and business.*

MORE ON BOARD PORTALS

Keeping Board Data Safe (*cumanagement.com/0920boarddata*)

Board Portals: A Cornerstone of Modern Governance (*cumanagement.com/0320cornerstone*)

How to Use a Board Portal to Increase Revenue (*cumanagement.com/0520portalrevenue*)

UPCOMING DIRECTOR EVENT

High Performing Board Digital Series (*cues.org/hpb*)

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

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CEO Institute Going Online, *Offering Same Ivy League-Level Education*

For the first time, CEO Institute will be offered in an online format in 2021.

"CEO Institute is highly regarded in the industry, and we've made sure all online participants will walk away with the same level of knowledge, expertise and networking opportunities as their colleagues who have attended in person," says John Pembroke, CUES president/CEO. "We simply would not have it any other way."

"There will be an abundance of small-group work, case studies and simulations, along with other opportunities to help make it easy to get to know one another," says Joette Mitchell, CUES VP/executive education & meetings. "All this is great news not only from a safety/social distancing standpoint, but offering CEO Institute online opens up a terrific opportunity for those who have wanted to attend but weren't able to due to budget constraints or the inability to take time for travel."

The three CEO Institute segments are:

- CEO Institute I: Strategic Planning, The Wharton School, University of Pennsylvania, Philadelphia, April 12-16
- CEO Institute II: Organizational Effectiveness, Samuel Curtis Johnson Graduate School of Management, Cornell University, Ithaca, NY, April 26-30
- CEO Institute III: Strategic Leadership Development, Darden School of Business, University of Virginia, Charlottesville, VA, May 3-14

The institutes can be taken in any order. Executives who complete all three years of the program and two post-segment projects earn the Certified Chief Executive (CCE) designation.

Class sizes are being capped to assure personalized learning experiences. To register for CEO Institute I, contact Teresa Brogan, CUES executive education specialist, at *teresab@cues.org*.

New Digital Offering Helps *CU Boards Boost Performance*

Credit union directors can take a deep-dive look into ways to improve overall board performance with the High Performing Board Digital Series, a new CUES offering (*cues.org/HBP*).

"We developed this digital series using research conducted on highly successful boards that are functioning at peak level. By examining how things are done at optimal performance and learning from leading thinkers on governance and strategy, credit union directors will be able to apply the lessons to their own processes," says Christopher Stevenson, CAE, CIE, CUES SVP/chief learning officer.

The series is divided into eight seminars, presented quarterly, over a two-year period. One registration fee covers every board member, including the board liaison, committee members, associate members, non-voting members and the CEO. The series also offers a rolling registration—meaning boards can register at any point and take the series over the following two-year period no matter when they start. Learning will happen via a combination of live Zoom meetings, interactive online discussions, audio recordings, videos and independent study designed to provide practical experience and reflection.

Learn more about the High Performing Board Digital Series at *cues.org/HBP*.

Pembroke Joins *CU DEI Collective Board*

CUES President/CEO John Pembroke has joined the governing body of the CU DEI Collective (*cudeicollective.org*). This group was formed to promote the cooperative principle of DEI in the credit union industry and believes that diversity, equity and inclusion is good business and is fundamental to a vibrant, relevant and growing credit union movement.

"I am humbled to see such interest in the Collective. We were pleased to receive so many applications. The nominations showed unrivaled aspirations and a firm commitment to making the credit union space a place of inclusion and belonging," says Victor Miguel Corro, Coopera CEO and chair of the Collective. "We have a remarkable team on the governing body to build a strong Collective."

Online Learning

CUES members can attend all webinars and access playbacks for free. CUES Elite Access™ Virtual Classroom (included with Unlimited and Unlimited+ memberships) offers an innovative take on online education. Learn more at *cues.org/events*.

MARCH 10
12 p.m. Central
Elite Access: Innovation for Credit Unions—a Practical Masterclass

MARCH 16
12 p.m. Central
Elite Access: Differentiating Member Service with Coaching

MARCH 17—MAY 11
Strategic Human Resources Leadership Cornell Certificate Program

MARCH 30
12 p.m. Central
Elite Access: Powerful Communication for Women

MARCH 31—APRIL 29
School of Business Lending™ II: Financial Analysis and Diagnostic Assessment

APRIL 2021—JANUARY 2023
Two years of seminars!
High Performing Board Digital Series

APRIL 12—16
CEO Institute I: Strategic Planning

AD INDEX

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2021 **ONLINE** EVENTS CALENDAR

MARCH 2021			
Strategic Human Resources Leadership eCornell Certificate Program	OFFERED IN PARTNERSHIP WITH Cornell University	**March 17—May 11**	cues.org/eCornell-HR
CUES School of Business Lending™ II: *Financial Analysis and Diagnostic Assessment*	OFFERED IN PARTNERSHIP WITH Hipereon Inc.	**March 31—April 29**	cues.org/SOBL2
APRIL 2021			
CEO Institute I: *Strategic Planning*	OFFERED IN PARTNERSHIP WITH *The Wharton School* University of Pennsylvania	**April 12—16**	cues.org/INST1
High Performing Board Digital Series		**1st Seminar Begins April 13**	cues.org/HPB
Strategy and Digital Marketing eCornell Certificate Program	OFFERED IN PARTNERSHIP WITH Cornell University	**April 21—June 15**	cues.org/eCornell-Marketing
CEO Institute II: *Organizational Effectiveness*	OFFERED IN PARTNERSHIP WITH *Samuel Curtis Johnson Graduate School of Management* Cornell University	**April 26—30**	cues.org/INST2
MAY 2021			
CEO Institute III: *Strategic Leadership Development*	OFFERED IN PARTNERSHIP WITH *Darden Executive Education* University of Virginia	**May 3—14**	cues.org/INST3
JUNE 2021			
CUES School of Business Lending™ III: *Strategic Business Lending*	OFFERED IN PARTNERSHIP WITH Hipereon Inc.	**June 2—July 1**	cues.org/SOBL3
JULY 2021			
CUES Advanced Management Program from Cornell University	OFFERED IN PARTNERSHIP WITH Cornell University	**1st Course Begins July 21**	cues.org/eCornell-CUManager

WATCH CUES.ORG FOR MORE DETAILS

Strategic Innovation Institute™ cues.org/SII • **Governance Leadership Institute™ I & II** cues.org/GLI; cues.org/GLI2 • **Board Liaison Workshop** cues.org/BLW

2021 **IN-PERSON** EVENTS CALENDAR

JULY 2021			
Supervisory Committee Development Seminar	Amelia Island, FL	**July 26—27**	cues.org/SCDS
Director Development Seminar	Amelia Island, FL	**July 28—30**	cues.org/DDS
AUGUST 2021			
Execu/Net™	Whitefish, MT	**August 15—18**	cues.org/EN
DECEMBER 2021			
Directors Conference	Marco Island, FL	**December 5—8**	cues.org/DC

*Dates and locations are subject to change. For pricing options, visit **cues.org/Events.***

Purposeful Talent Development: *Know Why You're Doing Things*

BY JENNIFER STANGL

The word "purpose" has taken center stage in this Purposeful Talent Development blog series since it began in 2018. The way we work, communicate and develop talent has shifted a bit since then, but one constant remains: the importance of our work being driven by purpose.

Purpose (n) is defined as "the reason for which something is done or created or for which something exists." Purpose (v) is defined as "have one's intention or objective."

To be honest, purpose is important to me, and that is the reason it sits within the title of this blog every month. When you know and show your purpose, you share your intent. Purpose connects us to our individual values, helping to strengthen our engagement and build relationships with others. For a team, purpose can enhance drive, commitment and dedication—or offer a goal or target for achievement. Organizationally, purpose can drive engagement as employees can feel inspired and energized by organizational purpose. In this way, purpose can provide a vision or path through uncertainty.

The credit union industry has always had a clear and strong purpose: to serve members. It is, however, valuable for each individual credit union to identify a purpose all its own. Even project teams should define their purpose, especially those associated with a change. As change occurs at any level, purpose provides direction, rationale and even guidance.

In the recent publication, "Big Reset Playbook: What's Working Now (*tinyurl.com/y322whpj*)," Josh Bersin notes, "in times of uncertainty and ambiguity, people are desperate for a sense of purpose." Whether we realize it or not, when we don't have organizational purpose to guide us, we fill that space with a purpose we choose for ourselves. This can cause people to move in different directions, create confusion or waste time and resources.

As we move into the new year, whether you are leading an organization, team or project, I challenge you define or reflect on your purpose. The following questions can be used to engage in discussion with your leadership, department or project team to establish or reinforce your purpose.

- What is our intent for the future?
- What are we working toward?
- How do we demonstrate our organizational values?
- Do we communicate the value and role of employees in achieving our overall mission and vision? How?
- In what ways do we invest in the development of our staff in ways that align with our strategy?
- How do we create connection between what people value and what they do?
- In what way do we offer opportunities to collaborate throughout the team/organization?
- How do we communicate purpose with others?

Remember, with purpose, it is less about the what and more about the why. On your own, reflect on purpose, what that means to you and how you see the purpose of your role. As a leader or peer, reflect on how your actions, decisions and interactions prioritize purpose to offer direction, promote intention and foster engagement of others.

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

Leave a comment at cumanagment.com/012521skybox.

"Let's be honest. Succession planning is a dirty word. It's met with skepticism, cynicism, avoidance and even sabotage in some instances. … Consider removing the term all together from your vocabulary and replacing it with positive language and positioning that describes what you are really striving for, which is to build strong and deep leadership pipelines and develop careers."

Amy Hirsh Robinson, MBA, leading expert on the changing workforce and principle of Interchange Consulting Group (*interchange-group.com*), in "Is Succession Planning a Dirty Word at Your Credit Union?" on CUES Skybox: *cumanagement.com/012021skybox*