CU MANAGEMENT

FEBRUARY 2022 • IN-DEPTH INFORMATION FOR CREDIT UNION LEADERS

A CONTINUOUSLY *Bigger and Better Box*

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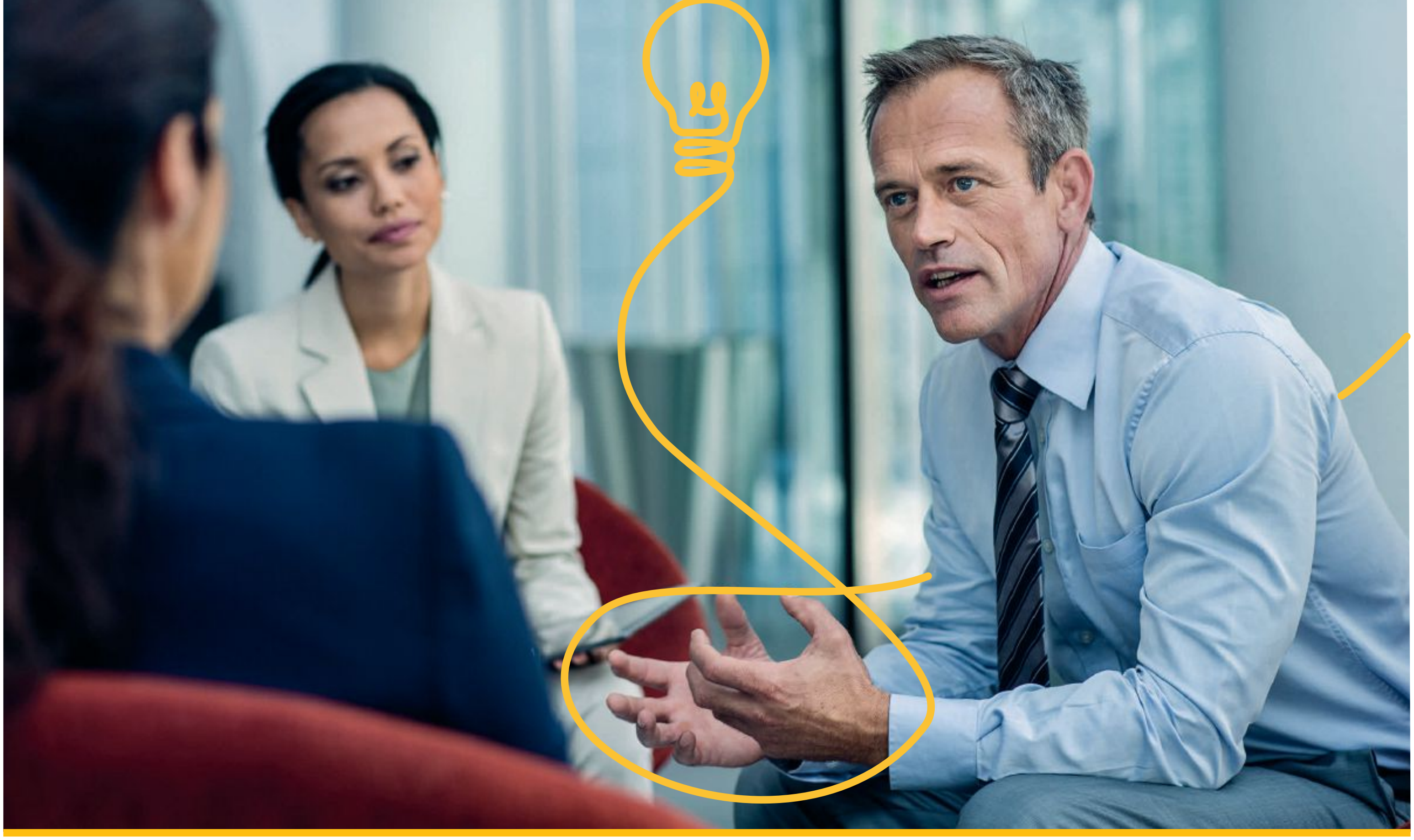
COLLECTIONS
Be prepared for delinquencies in 2022

AWARDS
Meet 2021 CUES Distinguished Director Joan Nelson

ANALYTICS
Clean data supports strategy and tactics



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Key Outcomes and Lessons Learned From a Board Renewal Effort

Quantum Governance and Dolus Advisors share an analysis of their work to help Hudson Valley Credit Union revise key governance processes.

cumanagement.com/0122keyoutcomes

CUES Video

Closing the 'Knowing-Doing' Gap for Succession Planning

Garrick Throckmorton, chief products and services officer at TalentTelligent Inc., discusses how to make succession planning more effective. Learn more from him at TalentNEXT on May 15-17.

cumanagement.com/video020122

Online-Only Column

NextGen Know-How: Your 2022 Leadership Checklist

Many of us look forward to the fresh start of a new year. Perhaps during the course of the pandemic, you have felt more reactive than proactive as a leader. Now is a great time to recalibrate and focus on elevating your leadership.

cumanagement.com/0122nextgen

CUES Podcast

Diversity, Equity and Inclusion as a Differentiator

Steve Bugg, president/CEO of Great Lakes Credit Union, the first-ever CUES DEI: Catalyst for Change Award winner, reflects on how his CU's diversity, equity and inclusion journey makes it stand out in the competitive financial services and talent markets.

cumanagement.com/podcast125

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LET'S CONNECT

Comments, suggestions and letters can be sent to **theresa@cues.org**.
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CUES Emerge *Is Back!*

CUES Emerge, the industry's premier emerging leader program, is accepting applications for the 2022 cohort through Feb. 14.

Encouraging your credit union's emerging leaders to participate in the program is a great way to show your appreciation of them and your faith in their abilities and future.

CUES Emerge participants don't just gain leadership skills; they leave the program more energized and confident.

But don't take my word for it. Here's what some past participants have said:

"I now look forward to Wednesdays just because of this program. I love the [Virtual Classroom] sessions, but I truly love the discussion and support that I get from the Mastermind sessions every other week. Networking and honest discussion are the most beneficial to me," says Amanda Knodel, CCM, COO at $85 million Pinnacle Credit Union (*pinnaclecu.org*), Atlanta.

"This program has been life-changing, especially as I navigate credit union culture, processes and procedures," says CUES member Amber Stutzman, CCM, member loyalty manager at $2.7 billion Oregon Community Credit Union (*myoccu.org*), Eugene.

"I am really learning a lot! This program is and will continue to be an asset to me for years to come," says Aziza Gary, CCM, financial wellness manager at $1.3 billion Baltimore-based MECU (*mecu.com*).

"This is an opportunity to get involved in the industry, network and learn from industry leaders," says Alex Hsu, CCM, the 2021 CUES Emerging Leader and VP/planning and change management at $26 billion SchoolsFirst Federal Credit Union (*schoolsfirstfcu.org*), Tustin, California.

Hsu won for his Innovation Center of Excellence, an adaptable framework that can be scaled for use at any size credit union. Read more about him at *cumanagement.com/0122innovation*.

As credit unions continue to struggle with staffing related to "The Great Resignation," what better way to show employees they are valued and that you see great things in their career futures?

Speaking of The Great Resignation, read an article about how you can help keep your future leaders on p. 24. A few of the strategies mentioned include creating an empowering culture, building loyalty with recognition programs and creating pathways for upward mobility. Encouraging a young leader to apply for CUES Emerge helps accomplish all three, plus much more.

Learn more at *cuesemerge.com*.

Theresa Witham

Theresa Witham
Managing Editor/Publisher

YOUR THOUGHTS

WHO DO YOU WANT TO SEE PARTICIPATE IN CUES EMERGE?

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Silence Your *Phones*

BE PREPARED FOR AN UPTICK IN DELINQUENCIES IN 2022 WITH COLLECTIONS BEST PRACTICES THAT MIGHT LEAD TO FEWER CALLS.

BY FELICIA HUDSON HANNAFAN

If you expected to see an increase in loan delinquency during the first year of the pandemic, you weren't alone. As it turns out, that didn't happen. But now, many experts in the financial services industry anticipate fallout and an increase in delinquency in 2022 and beyond as a consequence of the sunsetting of assistance programs that kept borrowers afloat in 2020 and 2021.

Steve Balmer, managing VP/delinquency management at CUESolutions provider PSCU (*pscu.com*), St. Petersburg, Florida, says that when the pandemic began, he was stressed about how PSCU was going to be able to handle the volume of credit unions that would require assistance.

"We thought delinquency rates were going to skyrocket," he says. "We worked with our credit unions and tried to make sure we had strategies in place. And what actually happened was delinquency rates dropped during the pandemic due to government activities and the introduction of forbearance programs."

A study by PSCU corroborates this, stating, "As [the] coronavirus emerged in early 2020, spending sharply dropped as consumers stayed at home and unemployment soared. This reduced spending enabled consumers to pay off debt. From December 2019 to June 2020, data for the 20 credit unions in PSCU's study showed a 50% drop of 30-59 days delinquent accounts. As 2020 entered the third and fourth quarters, spending returned, and so did early-stage delinquency. However, as coronavirus cases soared in late 2020 and into early 2021, an additional stimulus package and other factors—including extended unemployment benefits, mortgage forbearance and renter eviction moratoriums—contributed to another steep decline in early-stage delinquency in early 2021."

CUES member Bill Vogeney, chief revenue officer for $8.6 billion Ent Credit Union (*ent.com*), Colorado Springs, Colorado, says that while Ent did implement such solutions on the collections side as emergency short- and long-term loans with extended payments, the credit union also tried to reduce the number of incoming routine assistance calls by giving access to skip-a-pay through home and mobile banking.

"We expanded the parameters so that instead of being able to skip one payment, we allowed people to skip up to three payments on consumer loans with no questions asked," Vogeney says. "So what we tried to do is really limit the calls coming into the collection group to the people that felt like they needed more significant assistance and then people with mortgages who needed assistance."

"Staff handled a little bit of everything. They went from an auto loan to an unsecured account to a negative share account. And we didn't really ask the right questions."

— Chris Benson

Today, government stimulus and most assistance programs have ended, and unemployment had yet to return to pre-pandemic rates as of the U.S. Bureau of Labor Statistics' most recently released report (December 2021, *tinyurl.com/44hr33f9*). By all indications, the timing is right for credit unions to strengthen their collections operations by reassessing current strategies, reevaluating tactics and reconsidering staffing solutions.

REASSESS STRATEGY & IMPROVE PRODUCTIVITY

While the business of collections is not pleasant for any organization, it is a particularly sensitive one for credit unions. In addition to the obligation to protect members' assets, credit unions must also strive to treat delinquent members with empathy and dignity. This means devising member-centric strategies to collect on outstanding debts without alienating those members and possibly jeopardizing future business with them.

But to optimize collections, you must also reassess what's working operationally and where your credit union has weaknesses.

When Chris Benson, VP/collections for Ent stepped into his role in early 2021, he says that one of the first things he did was perform a time-motion study to determine how long it took to complete certain actions. When he looked at the overall effectiveness of the credit union's collections team, he aimed to first understand the existing process and tactics his team was using. That gave him a baseline understanding of what Ent needed to do to improve.

"My focus was on reducing the manual waste—lessening the number of clicks in an effort to improve our effectiveness," Benson says. "When we were performing our daily workflows, there were times when we had unnecessary steps that ultimately delayed our ability to move on in a productive manner."

As Benson looked for opportunities for improvement, he approached the analysis from the standpoint of optimizing overall performance. "By adding a fresh outlook on how we can do things differently and leveraging automation, we've been able to improve our overall effectiveness," he says. For example, Benson reports that analyzing the workflow led to providing product-specific dialogue training, which has resulted in staff being better equipped to overcome objections in conversations with delinquent members.

Benson says that since providing product-specific dialogue training unique to the type of account, Ent has seen positive results in the collections team's effectiveness on the promise-to-pay-kept percentage—within just the first two weeks of making the change, the team's overall promise-to-pay-kept rate increased by 10%. This has also contributed to their long-term success, because those members are not coming back into the regular collection cycle. "We're striving for a one-call resolution as opposed to having loose arrangements and not necessarily addressing the problem at hand," he adds.

This dialogue training is part of another strategy Benson implemented: segmenting the collections team by product. "The dialogue with members is relatively the same, but we're trying to have more specificity behind how we're addressing members' needs," he says. "Before, it was kind of a mixed bag; staff handled a little bit of everything. They went from an auto loan to an unsecured account to a negative share account. And we didn't really ask the right questions." For instance, unsecured loans must involve a different line of questioning and be handled differently based on the stage of delinquency than loans secured with collateral, he explains.

Another small but impactful change Benson has made since joining Ent is to improve its collections efforts by approaching day-to-day activities in a more streamlined and efficient way. He cites the addition of data fields to assist collections team members when they are determining the length of time that has passed since the account was last worked as an example. These process improvements have allowed his staff to better prioritize their daily work.

"We had no way to identify the last time an account was worked prior to working an account," he says. "So we've created a handful of automated fields that provide us that data at a glance. It's not just the collections aspect of what we do; it comes down to the overall approach of how we're managing the day-to-day."

FOCUS ON CONSISTENT COMMUNICATION

Credit unions should consider all available communication channels when contacting delinquent members. "It needs to be an omni(channel) approach and include interactive voice response systems, texting, emailing and dialers," says Jeff Mortenson, VP/client relations for collection services at CUES Supplier member SWBC (*swbc.com*), San Antonio.

"Members are less likely in today's environment to answer their telephone due to the sheer volume of solicitation calls being received," Mortenson notes. "However, that does not mean phone calls are not valuable as a collections communication tool. ... The feedback I have received from our clients is members prefer more self-service options from the phone. Meaning, they want to be able to make a payment or promise to pay in the phone and save the embarrassment of speaking to a representative."

Identifying a member's communication preference is important, both for the sake of efficiency and higher response rates, he adds.

An April 2021 article for *CU Management*, "Three Collections Insights Gained During the COVID-19 Pandemic" (*cumanagement.com/0421collections*), cites a study predicting that retail banking will experience up to three years of digital-preference acceleration as a result of the pandemic.

The author of that article, Brad Eral, account VP for SWBC's Financial Institution Group, advises credit unions to increase their digital accessibility. “Developing a strategy to become more digitally accessible involves enabling your members to access your services from a variety of channels, including a website, a mobile application, social media networks, call centers and physical branches,” he writes. “Your digital experience should have a similar ‘feel’ on each platform and align with your overall member service experience. To maximize the impact of your digital communication, each channel should also provide metrics so you can use them to gain data-based insights about usage and engagement.”

As with phone calls, Mortenson sees the need for more self-service capability through those digital channels. “Many of our clients use what I call a blended strategy, leveraging an interactive voice response system, texting and emailing in combination with traditional collection practices,” he reports. “In their text and email messages, the borrower has a couple choices: They can click on a link and make a payment via our client’s web page or call a telephone number that offers members the option to make a payment, promise to pay or speak to a credit union representative.

“We have seen a high percentage of accounts that resolve during automated segment of the strategy, in the 65%-75% range,” Mortenson continues. “This tells us our clients’ members are finding value in an omni approach and being communicated to in their preferred channel.”

Balmer likewise recommends applying an omnichannel strategy to accelerate collection results. “We really like a hybrid approach, which combines the technology solution in the early stage with a more manual effort in later stages,” he says. “So you get progressively more intensive in delinquency efforts.”

Integrating such manual tactics as phone calls and letters with technology can maximize employees’ time, enabling credit unions to increase productivity and efficiency while still incorporating a personal touch that may be harder for some members to ignore.

Balmer notes that because credit union leaders have different thoughts about technology versus dedicated agents, PSCU partners with them to custom-build a strategy, deploying the tactics that align most with the credit union’s goals and comfort level. PSCU’s recently implemented cloud-based collections platform, which provides omnichannel capabilities, assists in that customization.

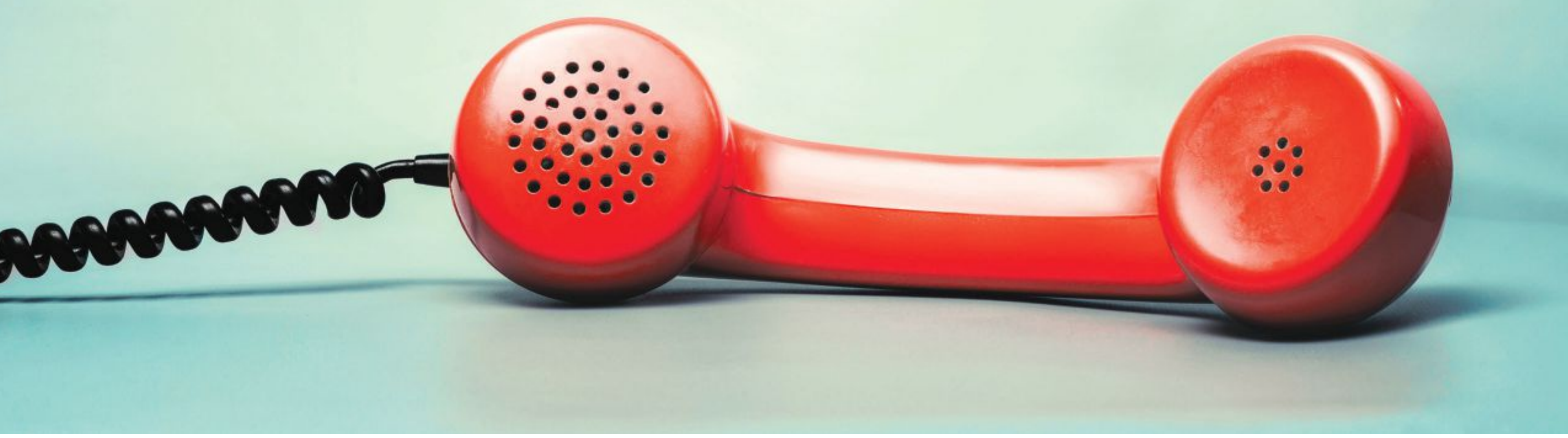
“We can collect through the dialer, we can collect through manual phone calls and we can do some text messaging,” Balmer says.

Training in such areas as payment negotiation, compliance with key regulations and conflict resolution is also critical to the success and compliance of collections operations. “We strive to strengthen their talent,” Balmer says of PSCU’s work with credit unions. “We focus on provisions, regulatory changes, production opportunities and negotiations to make their staff more proficient, with increased knowledge and confidence.”

And don’t forget to pay careful attention to the timing of your credit union’s collections communications. “Members that are experiencing financial difficulties often prioritize what debts will be paid each month,” Mortenson says. “For credit unions to be ranked high on that list, communicating early is very important. ... Keeping the credit union’s brand at the top of mind for members will likely help achieve the prioritization needed. The

“Members are less likely in today’s environment to answer their telephone due to the sheer volume of solicitation calls being received.”

— Jeff Mortenson



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> **"We don't collect in a manner that is one-size-fits-all. … Our job is to cure accounts, but in some cases, keeping them from going further past due is helpful."**
>
> — Steve Balmer

MORE ON COLLECTIONS

Three Collections Insights Gained During the COVID-19 Pandemic (*cumanagement.com/0421collections*)

Compassionate Efficiency (*cumanagement.com/0221compassion*)

How Credit Unions Can Be Even More Empathetic and Effective in Their Collections (*cumanagement.com/podcast104*)

How Partners FCU Cut Repossessions in Half (*cumanagement.com/0220repossessions*)

Finding the Right Collections Temperature (*cumanagement.com/0220temperature*)

Rescuing Troubled Loans (*cumanagement.com/0220rescuing*)

Decentralized Collections (*cumanagement.com/0120decentralized*)

consequences of not communicating definitely places the credit union at risk of not receiving their payment, leading to increased delinquency and charge-offs."

CONSIDER OUTSOURCING

Improving collections performance requires time, personnel and technology. Your credit union's size and available resources will dictate how successful your efforts will be. Outsourcing the collections process—especially during the early stages of delinquency—can be a valuable investment, as the credit union can experience cost-savings while taking advantage of the compliance expertise of the vendor. If you outsource, ensure your partner has experience working with credit unions and understands the philosophy of the credit union movement.

Benson describes one of the strategies Ent implemented shortly after his arrival at the credit union. "What we're doing is leveraging third-party vendors to perform first-party collection efforts on some of our earlier-stage—under 30 days—delinquent borrowers," he says. "That allows for us to reallocate resources internally to members that are at risk for repossession or charge-off. We don't currently send mortgage products through to this channel, but it allows for us to focus on members that need our individual attention, being greater than 30 days past due.

"But we're also not sending everything under 30 days past due either," he adds. "There's strategy involved based on the balance threshold of the members' accounts, which will ultimately determine where the account is worked in the department."

Balmer notes that as a credit union service organization, PSCU is a member-centric collections unit with the goal of helping credit unions build relationships with their members to help them to remain productive, loyal members of the credit union.

"We understand that the delinquency rate is a key indicator of credit unions' financial health," he says. "The most effective loan collection activities, done well, really serve the purpose of protecting their bottom line.

"We don't collect in a manner that is one-size-fits-all," Balmer continues. "We establish rapport, and if the delinquent consumer understands their financial situation, we can cater a payment plan for them that makes sense for all. Our job is to cure accounts, but in some cases, keeping them from going further past due is helpful."

Beyond the assistance in deploying collection tactics, outsourcing removes the burden of reallocating or hiring employees specifically for the work. Balmer recalls a credit union that decided to staff its own collections unit but ended up with excess staff and ultimately had to make a decision about how to reposition them.

"If you outsource your collection shop, the vendor partner is responsible for those capacity requirements and meeting those demands," Balmer says. "And those costs are no longer fixed on your side, but variable based upon how much collection work you want to do."

Balmer adds that, in addition to providing capacity, outsourcing provides the tools and technology that a credit union may not have available to them.

"We can achieve greater 'right-party' contact by utilizing various dialer strategies and the cloud-based collections platform that allows visibility into the collection effort," Balmer says. "We allow credit unions to convey messages around certain members and around actions they'd like to see taken. When we service those credit unions, we meet monthly with them to plan or create new strategies."

And just like there's no one-size-fits-all approach that works for every delinquent member, there's no single collections strategy that works for all credit unions. "Some credit unions like a very technology-driven effort in the front-end to drive performance. Others prefer a more member-focused approach with a dedicated collector that understands the member throughout the collections process, managed with a more manual effort."

Both approaches are valid, but credit unions would do well to evaluate whether their collections teams are primed for success before the phones begin to ring again.

Formerly a member of the CUES marketing staff, **Felicia Hudson Hannafan** *is a writer based in Chicago.*

Clean Data Supports *Strategy and Tactics*

THE FOUNDATIONS FOR GOOD RESULTS ARE THE RIGHT GOVERNANCE AND CULTURE.

BY ART CHAMBERLAIN

Over the past decade, data has become both the fuel our economy runs on and a key product of most businesses, especially credit unions. CUs are awash in information about their members, and the biggest barrier to future success is their ability to organize, categorize and use that data effectively.

One challenge is that the information is constantly getting "dirty" and needs to be cleaned so that it can be used.

What is dirty data? It's information that contains wrong or ill-formatted data, whether that be a partial address, incorrect phone number or confusing payment records that can't be matched. All those errors, and many more, can lead to dirt and sludge that make it difficult to pull together the information and reports you need to make intelligent decisions.

Many executives' first experience with data cleansing comes when they face a core conversion and need to prepare their legacy information to be loaded into the new system. At that point, cleaning up the data can be a mammoth task. For the data to be useful after the transition, it needs to be clean—or at least clean enough.

DEFINING 'CLEAN' DATA

"Data cleansing can be different things to different people in different applications," says Greg Brown, VP/global marketing for Melissa Inc. (*melissa.com*), an address validation provider based in Rancho Santa Margarita, California. "The first step is to capture data in its most pristine or accurate level initially, then be able to update it, standardize it and integrate it with other data silos or business applications."

Different CUs, or departments in the same CU, may have different ideas about how clean they need their data to be.

For example, your contact information for a member may contain a 10-digit phone number, which is in a valid format that will likely satisfy your IT team, but might not be correct and callable, Brown says.

Another example: Some credit unions require a phone number for a member, others just an email address.

Melissa specializes in helping organizations check and correct contact information to create a basic fabric that allows them to weave in "over that foundation of good quality contact data and overlay other data that you need for analytics and business intelligence," Brown says.

A member's contact information can change for any number of reasons: They may have a new email address or phone number, or they may move. The 2016 census found 11% of Americans moved in the previous year, the lowest percentage in the more than 70 years of tracking moves, but still enough to throw your contact information out of whack if you aren't checking it.

Brown says Melissa helps CUs identify where errors are being introduced into the database, whether it is in the call center, online or in person, so steps can be taken to ensure accurate information is loaded in the future.

"I always joke that cleaning data is the dirty secret of data science," says CUES member Ray Ragan, chief strategy officer at $640 million We Florida Financial (*wefloridafinancial.com*) based in Margate, Florida. "It's all in the eyes of the beholder."

Ragan has a unique perspective on how the situation and your use of the data can determine what is considered clean. In addition to his role at the CU, he is a major in the U.S. Army Reserve who focuses on battlefield data analysis.

"Operating on the battlefield, the tolerance for dirty data is higher, whereas in banking it's a little bit lower. I think that's one thing that a lot of folks lose sight of is that your data is never going to be perfect, so you always have to accept a little bit of noise in with your signal."

Ragan says dirty data can cause problems for CUs, including tactical issues, such as giving the wrong address for a marketing mailer, and strategic issues where you could be steered in the wrong direction by conclusions based on wrong information.

"If you don't have good data governance and good data cleaning before you start making some of these strategic decisions, it can lead down a very dangerous road," Ragan says. "I always recommend that leadership starts with their data governance and their data culture."

CLEAN DATA VERSUS QUALITY DATA

Merrill Albert, data services delivery director at CUES Supplier member Trellance (*trellance.com*), a Tampa, Florida-based provider of business analytics for CUs, says updating contact information should be part of routine data management, not ignored until the database needs to be cleaned.

"There's a difference between cleansing and data quality," Albert says. "Cleansing is something that I don't talk about an awful lot because cleansing is really more of a one-time activity."

Albert says Trellance sets out seven elements of data management, and data quality is a key one. "With data quality we want to say, 'Let's not just quickly overwrite this data to fix it, but why did the error happen in the first place?'"

She recalls working on a project years ago in which consultants set up a system that required cleaning the same data source each week rather than fixing the underlying issue.

"If you can put controls in at the beginning so you can catch those quality issues, that's what you want," she says. "The earlier in the process you can fix it," the more money and grief you can save. The biggest danger is that "you find the problem ... after you've developed some insights not realizing that the data was bad."

"A credit union executive should want to arm their front-line folks with the information they're going to need to delight the customer, to provide a great experience or to sell products they need."

— Mark Leher

DATA GOVERNANCE AND CULTURE

The starting place for clean data is data governance. CUs need a cross-departmental, cross-functional committee to agree on data terms, rules and processes.

"You think that we know what a member is, but so many credit unions cannot tell you exactly how many members they have, because it depends on how they're counting them," she says.

Sometimes people think they have a data quality problem when it's actually a definition problem. "I say an adjective is your best friend," Albert says. "You have to insert an adjective to describe the term to really make sure that you can talk to each other properly."

Trellance's wheel of data management has "data governance at the top because we think that is really where people should start data management," she emphasizes. "We usually talk about people, process and technology, and people is governance."

Ragan also stresses the importance of data governance and implementing a culture based on using and living with the data. He says people often learn to cope with bad data by ignoring reports based on it or making allowances for it that might not be accurate.

"If you start living your data and ... using it to make tactical and operational decisions, and you start seeing issues, ... that'll cause the organization to adjust to get those reports clean," Ragan says. "Living the data—that's the real key because it is really easy to ignore bad data just because you can limp along without really looking at the data."

He warns that CUs face continued pressure on their margins and competitive pressure from fintechs that make all data-driven decisions, which "gives them a huge uplift in terms of their ability to get the kind of efficiencies that we don't see in the credit union space."

CLEANSING PAYMENTS DATA

The largest continuing source of new data for CUs comes from payments, transactions that come with cleaning issues of their own.

"The challenge is evident if you've ever looked at a credit card statement or your bank statement and see all the transactions," says Mark Leher, VP/data and analytics at Segmint (*segmint.com*),

MORE ON ANALYTICS

Tech Time: How Credit Unions Can Capture Revenue Through Predictive Modeling (*cumanagement.com/1121techtime*)

The Three Things Every Credit Union Needs to Know About Data Science (*cumanagement.com/1121datascience*)

The Poor, Misunderstood Data Center of Excellence (*cumanagement.com/1121dataceter*)

Setting Out on the Analytics Expedition (*cumanagement.com/1021expedition*)

"I always joke that cleaning data is the dirty secret of data science."

— Ray Ragan

a Cuyahoga Falls, Ohio-based company focused on making transaction data usable for financial institutions. "It typically won't say 'Starbucks,' or it won't say 'Wells Fargo mortgage payment.' In its raw form, it's coming across in some sort of cryptic string. We call them dirty strings."

Leher notes that these strings often leave consumers wondering what the charge is for, which leads them to phone and challenge the charge. Those calls are expensive for the company and aggravating to customers.

"Payment cleansing is taking those raw dirty strings and normalizing them to a merchant name and to a category," Leher says. "We believe that ... to do this well ... you need human beings to be looking at the transaction."

Segmint has a team of library scientists who looked at transaction strings and created a database of more than 170 million transaction variants. They can also identify more than 45,000 merchants. That framework is used by data engineers who apply artificial intelligence and fuzzy matching capabilities so the system can handle billions of transactions with 99% accuracy. The output is a string that provides the merchant's name and the purchase in English in a format the data scientists can then use for a wide variety of purposes and that also can be shared with members.

So, what does it look like when an organization lives its data? If you watch baseball, you're seeing examples every time you spot extra infielders flooding the right side. Those decisions are based on probabilities being turned into action.

What would it look like for a credit union with a trove of payments data?

Leher suggests it should be member service that rivals a five-star hotel where you're greeted by a concierge who calls you by name, knows the type of pillow you like and your favorite drink. The CU equivalent could be a great digital experience that automatically offers a great deal on a car loan because the system knows you've made large monthly payments to a dealership—or it prompts the service rep in a branch to ask about your pet, as the system also knows you've been buying pet food.

"A credit union executive should want to arm their front-line folks with the information they're going to need to delight the customer, to provide a great experience or to sell products they need," Leher says. "Payments really tell the real story about what's important to people and what they like to do."

Analyzing the data can also help a CU provide useful advice. For example, Leher notes the payments transaction data shows the rise of buy now, pay later purchases, a form of consumer finance that some members may overuse credit and get themselves into trouble. Monitoring those transactions will flag potential problems and allow the CU to offer help.

ACTION STEPS FOR CLEAN DATA

How do you get to a place where you can turn your data into actionable insights?

Ragan recommends selecting a particular data set, such as taxpayer identification numbers, to clean up every month. Over time, these regular fixes will ensure your data is clean.

Another option is to turn to your regular staff. "I remember doing a very large data cleanup project at a large credit union, and we said, 'We don't have enough data engineers to do all this.' ... We were able to divvy up the work across the entire organization so that it didn't require technical expertise."

Albert also tells her customers not to get overwhelmed by the challenge. "I usually tell people, 'You don't need to do it all in one sitting,'" she says.

One goal should be to get your data as clean as possible before turning it over to a data scientist who will generate insights you can use.

Ragan says that for a recent project, he interviewed several data scientists and found they spent 40% to 60% of their time cleaning up data so they could begin their real work. Those data scientists are hard to find and extremely well paid.

Many organizations have turned to lower-paid data engineers who can collect, manage and convert raw data into useful information for data scientists and business analysts to interpret. Another option is to use outside vendors like Melissa or Segmint.

"We handle the cleaning and labeling for institutions so that they can skip that step—which is very time-consuming—and immediately get to generating value out of their data," Leher says.

Moving in the direction of having good data governance and living in a data culture is critical and potentially lifesaving for a credit union, Ragan says. The bottom line is that anybody that's not moving towards data for their everyday decisions will find their organization much less able to keep competitive.

Art Chamberlain *writes about credit unions from Campbellford, Ontario.*

A Passion to *Include and Serve*

2021 CUES DISTINGUISHED DIRECTOR JOAN NELSON STRIVES TO MAKE A DIFFERENCE IN PEOPLE'S LIVES.

BY DIANE FRANKLIN

Joan Nelson, CUDE, has worked hard to reach the upper echelons of corporate leadership during a career spanning nearly 40 years. Nelson is VP/quote-to-cash operations for North America and Latin America at multinational tech giant IBM (*ibm.com*), but her achievements don't stop there. For almost a decade, Nelson, a CUES member, has exhibited exceptional leadership as the board chair of Coastal Credit Union, having found a strong affinity with the credit union movement.

"To me, it's a passion for people," says Nelson in describing her devotion to Coastal CU (*coastal24.com*), headquartered in Raleigh, North Carolina, and serving 290,000 members in a 16-county area centered on Research Triangle Park. "When you have a passion for the people in your community, you want to have an impact and make a difference in their lives."

Nelson's passion, dedication and leadership have earned her recognition as 2021 CUES Distinguished Director (*cues.org/awards*), which honors her for achievements that have strengthened her credit union. Nelson cites several milestones that occurred during her tenure on the board, the most noteworthy of which is a period of strong growth.

"When I first started on the board in 1996, we had less than a billion and a half in assets," Nelson reports. "We are now at $4.5 billion and continuing to grow."

Nelson also stresses Coastal CU's achievement as a leader in technological innovation, including the distinction of being the first credit union to adopt 100% virtual tellers. "Our credit union played a big role in the design of the personal teller machines and took our whole teller staff virtual in about 2005," she reports. "This enabled us to expand our service, and now we are supporting our members seven days a week from 7 a.m. to 7 p.m."

This virtual technology has proven especially beneficial during the COVID-19 pandemic, as the necessity for remote, socially distanced transactions emerged. "COVID was less disruptive for us than it otherwise would have been because our teller staff has been virtual for so long," Nelson observes. "We didn't skip a beat in providing service to our members."

Another major achievement at Coastal CU was the formation of a foundation in 2011 and the launch of a major fundraising effort, the Power of

Sharing Gala, in 2016. Through the foundation, Coastal CU works with its corporate partners to award individual and collaborative grants to deserving local organizations.

"The foundation and our gala give us the opportunity to have an impact within our community by supporting and recognizing those nonprofits that align with our values and our principles," Nelson reports.

Nelson attributes Coastal CU's achievements to a fruitful collaboration among board members and staff. "We are blessed at Coastal with a board of seven who all get along very well," she says. "We also have a tremendous relationship with our CEO, [CUES member] Chuck Purvis, CCE, and with senior leadership and staff. It doesn't mean that we always agree, but we discuss, debate and collaborate until we come to an agreement that's in the best interest of our members and our community."

Purvis likewise characterizes his relationship with Nelson in positive terms. "Joan and I have had a great partnership since I became CEO in 2012," he reports. "She cares deeply about our employees and our members, which shapes her thinking and her leadership on the board. She asks good questions, does her homework and runs efficient board meetings. She works full-time in a very demanding job at IBM but still puts in the time be an effective chair. That's incredibly commendable."

READY TO SERVE

Nelson's involvement in the credit union movement came about thanks to the persistence of an IBM colleague by the name of Sam Jordan. "Sam was on the board of Coastal, and he said to me, 'Joan, I'd like you to come volunteer for the credit union.' At the time, I had no idea what the difference was between a credit union and a bank. I told him, 'Sam, I'm much too busy,' but he never gave up. Every year, he would ask, 'Are you ready? Are you ready?' And finally, one year, I said yes."

Starting out by serving a term on Coastal CU's supervisory committee in 1993, Nelson immediately felt a connection to the credit union's mission. "That was my first exposure to what it meant to be a credit union versus a bank—that we are not controlled by stockholders but are guided by the philosophy of people helping people," she says. "Being part of a credit union became a lifelong passion for me. Once I got started, I couldn't let go."

Nelson became a board member three years later and moved up to her position as board chair in 2012. She learned a great deal about credit unions in those early years, and to further her knowledge, she earned her Credit Union Development Education designation from the National Credit Union Foundation (*ncuf.coop/development-education/program*) in 2018. During her early years on the board, Nelson was blessed to have Jordan as a valued mentor.

"Sam retired from the board several years ago, and since then has passed away, but he remains a big part of my heart to this day," Nelson says. "He, along with board members Bill Smith (a CUES member) and Dick Bloom, encouraged me to learn about the credit union and to be actively engaged—not only by attending meetings but by going to industry events, participating in industry education, hiking the hill and taking on leadership roles. He was always in the background, pushing and mentoring me, which helped me become the leader I am today."

Now that she is a veteran credit union volunteer, Nelson provides encouragement to others in the same way that Jordan encouraged her. "I have always mentored the directors who came behind me, and I also take an active interest in supporting the staff at Coastal," she reports. "I participate in the staff's education programs, and I attend their celebrations. I want them to know that the board stands with them and stands behind them, and we'll do whatever we can to support them."

> **"When you have a passion for the people in your community, you want to have an impact and make a difference in their lives."**
>
> — Joan Nelson

AN IMPRESSIVE CAREER

Nelson embarked on her impressive career at IBM after earning her degree in industrial management with a minor in accounting from Georgia Institute of Technology (*gatech.edu*) in Atlanta. She has spent her entire career at IBM's Research Triangle Park location, the first 11 years in accounting, but she aspired to do something more.

While working at IBM, Nelson completed a law degree at North Carolina Central University School of Law (*law.nccu.edu*) in Durham, which qualified her for a higher-level job writing contracts. Next, she transitioned to the manufacturing side of the business as a materials manager, managing inventory and moving products to IBM's various markets internationally.

"It was fascinating to be able to interact with our partners and suppliers all around the world," she says. "It was a job that fit well with my skill set, and it kicked off a number of opportunities to travel the globe in support of IBM's business."

Nelson's climb at IBM has included serving in the roles of director of customer fulfillment, director of acquisitions and divestitures, and then returning to the customer fulfillment side of the business. "Most recently, I was named the vice president for quote-to-cash, which is the new name for customer fulfillment, supporting North America and Latin America," Nelson reports.

Every role has afforded Nelson unforgettable experiences. "It's been simply wonderful to meet colleagues throughout the world, to learn different cultures and to see different cities," she says. "I've had amazing opportunities over these past 39 years that I've worked for IBM."

While serving on the Coastal CU board, Nelson has had the opportunity to work alongside several high-powered individuals. Among them is CUES member and board director Beverly Baskin, who spent her career in the Better Business Bureau system. Baskin's achievements include serving as the interim CEO for the Council of Better Business Bureaus (*tinyurl.com/2p8kn3ms*), the umbrella organization for the Better Business Bureaus in North America. Having seen leadership in many forms throughout her career, Baskin has a strong appreciation for Nelson's abilities.

"Joan is a wonderful person and a true leader who comes to the

"Joan is a wonderful person and a true leader who comes to the table well-prepared on all issues. She encourages everyone to have a voice and has a gift for making sure that everyone is heard."

– Beverly Baskin

MORE CUES AWARD WINNERS

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Creating a Winning Team (*cumanagement.com/1121winning*)

Believing in the Cause (*cumanagement.com/0121believing*)

CUES recognition programs (*cues.org/awards*)

table well-prepared on all issues," says Baskin. "She encourages everyone to have a voice and has a gift for making sure that everyone is heard."

Baskin marvels at Nelson's ability to synthesize the various points of view expressed in the boardroom. "She listens intently to different perspectives and then summarizes what has been said in a clear and concise manner, devoid of the emotion that sometimes occurs during these discussions," Baskin says. "She provides everyone with a fair and straightforward synopsis of the issues that have been expressed, and from there, we are able to have a valuable conversation based on what she has outlined for us."

Like Baskin, Purvis is impressed by Nelson's ability to lead a productive discussion. "Joan is a calming influence on any situation, and that leads to much more constructive dialog," he observes. "She encourages everybody on the board and everybody on my team to engage in the conversation."

Baskin notes that Nelson always makes sure the board considers one central question when making tough decisions: Is this what is best for our members? "Joan never loses sight of why we are there, sitting in that boardroom," Baskin explains. "She always brings it back to what is best for the members and for the employees. When we use that as our compass, it almost always leads us to the right decision."

MAKING AN IMPACT

Nelson's volunteerism at Coastal CU is consistent with her desire to make an impact in her community. "I've always been a person who believes in giving back," she says. "I've always volunteered in one way, shape or another."

One of Nelson's biggest passions is Habitat for Humanity (*habitat.org*). She is pleased that this passion led Coastal CU to adopt a Habitat House. "The employees raised the majority of the funds needed to build the house, and they also participated in the build of the house," she says. "So, it was truly a Coastal Habitat House. After the house was complete and we had the ribbon-cutting, just hearing the thankfulness from the family brought us all to tears."

Coastal CU employees continued their commitment to their Habitat family by raising funds to buy household items for use in the new home. They presented these goods to the family during Coastal CU's employee celebration event. "Again, we were brought to tears by the family's reaction," Nelson recalls. "The tireless giving and commitment of the Coastal team to touch the lives of others means a great deal to me."

In her personal life, Nelson has felt enriched by her relationship with her now-grown foster daughter, Alisha Deleston. "Alisha actually worked for Coastal when she was a student in college," Nelson reports. "It was exciting to see her come to appreciate what it meant to work for a credit union versus a bank, and she's been a credit union advocate ever since."

Deleston followed in her foster mother's footsteps by becoming an accountant. She works for the community college system in Florida while raising three children. "Now I have three grandsons who are the absolute loves of my life," Nelson says. "I spoil them rotten and make no apologies for it."

In addition to volunteering for Coastal CU, Nelson serves on the board of several other organizations, including Dress for Success Triangle NC (*trianglenc.dressforsuccess.org*), which empowers women to achieve economic independence by providing a network of support, professional attire and development tools; Triangle Women in STEM (*trianglewomeninstem.org*), which supports girls who are interested in careers in science, technology, engineering and math; and the United Way of the Greater Triangle (*unitedwaytriangle.org*).

Nelson's commitment to these organizations stems from the same altruism that led her to Coastal CU. As the 2021 CUES Distinguished Director, she is pleased to receive the validation that her efforts are having their intended impact.

"To realize that I can make a difference in the lives of others—that I can help them with everything from financial education to fiscal responsibility to having better costs for products and services—has resonated with my heart," she says.

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

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What keeps your clients up at night?
During this era of the "Great Resignation," the race for top talent is intense, and you need the right tools to attract, retain and reward them. Whether it's a supplemental executive retirement plan, a restricted endorsement bonus arrangement or a split-dollar loan program, a carefully designed benefits program can help you field the best team to remain independent and growing.

Another issue is earnings pressure. Margin compression continues, and investment returns, while on the brink of improving, remain near historical lows. Yet the cost of benefits for employees continues to rise faster than inflation. Improving earnings by prefunding benefits means you can provide value for members while offering a strong benefits program.

What makes IZALE Financial Group unique?
Seems like an old cliché, but it's our service. The products we sell are commoditized, but they shouldn't be stuffed in a drawer once purchased. We hear it from the carriers we represent that no other vendor requests as much information for in-force business as IZALE. Through timely and accurate monthly reporting and in-depth annual reviews, we strive to ensure your expectations are met with no surprises.

Tell us a client success story.
How about two? In 2009, a client started a business-owned life insurance or BOLI program. Keeping earnings to offset benefit expenses, this client used part of the life insurance to provide a benefit for the insured officers. Unfortunately, in 2013 a VP died, leaving behind young children. The BOLI death benefit helped the family, and the institution had additional resources to help it fill the critical role.

A multibillion-dollar CU had a SERP in place. Driven by the new penalties and the growing belief that future individual tax rates will be higher than today, we helped leaders evaluate alternatives. By replacing the SERP with a split-dollar loan plan, we eliminated liability, provided more than $5 million in recaptured earnings, avoided millions in future SERP expenses and provided particpants with higher tax-equivalent income.

The Great *Resignation*

WHAT WILL BE ENOUGH TO KEEP YOUR FUTURE LEADERS PROTECTED?

BY DANIELLE SCODELLARO, CFP

2021 will be known as the year of "The Great Resignation." Many companies are facing a mass exodus of employees, both new and old. Quit rates are around 3% nationwide, with this percentage peaking in September 2021, according to the U.S. Bureau of Labor Statistics (*tinyurl.com/49yb2yke*). This is not only affecting the service industry and hourly positions; private-sector employees have been quitting their jobs at unprecedented rates as well, according to the Federal Reserve's FRED blog (*tinyurl.com/ycc7ztcj*).

While companies are sorting through the why, we are beginning to see the true financial impacts. How many of you struggled with staffing needs during the holiday season? How many of you are changing branch hours because you can't meet your staffing needs? How many are worried about losing middle managers because of increasing demands on workloads? All of these things trickle down to how well you are able to service your members and meet their needs. The impact is real.

DISENGAGED EMPLOYEES IS TOP FACTOR IN THE GREAT RESIGNATION

What has led to this mass transition of employees just up and leaving jobs? According to a recent Gallop poll (*tinyurl.com/2b4pjjzz*), most of the people leaving their jobs are either not engaged or actively disengaged in their careers. This group of people make up more than 50% of those currently working.

What adds to the disengagement for front-line staff is that while Americans are re-entering society, they have become shorter on patience. In September 2021, there were several notable incidences of public rage in the news, including hostesses being harassed in Texas and flight attendants attacked on flights. Front-line employees are no longer accepting this treatment and are walking out on their jobs.

EMPLOYEES DEMAND FLEXIBILITY AND WORK/LIFE BALANCE

2020 brought huge challenges for many Americans. It also reshaped what workers found valuable. Prior to the pandemic, the idea of being able to work anywhere and with flexible hours was just a wish for many.

Now, two years into the pandemic, this new way of working is something that more employees are expecting. Being able to have that ultimate work/life balance—going to workout classes, taking your kids to schools, cooking meals at home, going for a walk, all while dictating your own work schedule—is something more and more employees are looking for. Unfortunately, this is not possible with many service jobs today and is impacting staff shortages. Credit unions are having to make tough decisions, like not opening their lobbies on Saturdays to make sure they maintain staffing.

INTERNAL MOBILITY ISSUES ARE THE SECOND LARGEST FACTOR

Disengaged workers often do not see a clear path forward in their workplace. They don't see themselves growing within their company, and this erodes their loyalty to their employer. Nearly 90% of millennials say they would stay in a job for 10 years if they knew they'd get upward career mobility (*tinyurl.com/yskuw6pv*). And while job hopping has been a trend among this younger generation, most are leaving because they do not see a path upwards or they want to start their own venture, seeing a greater benefit to providing a service or product than what their current company provides. The number of startups has continued to rise since 2020: Over 4.3 million new business applications were filed in 2020, an increase of 24% over 2019, reports the U.S. Chamber of Commerce (*tinyurl.com/bdz6d9cy*).

COMPENSATION IS THE THIRD FACTOR

The final factor in all of this is compensation. Companies are reacting to large portions of their work force potentially leaving, and the simplest solution is to pay more to try and retain them. This is leading to $15/hour pay for the most entry-level jobs (plus benefits). However, these wage hikes do not go without their own challenges, as inflation continues to climb steadily. Your wallet might be a little fuller, but it definitely isn't going as far. The overall result is that while increased salaries may lessen the rate of resignation somewhat, disengagement and lack of internal mobility are more than likely going to override the impact of greater income.

CREATE AN EMPOWERING CULTURE

Credit unions need to make sure they are targeting these issues with strategic decisions that truly break down the causes of employees leaving. As we look forward, we need to discuss how credit unions can protect their current and future leaders by establishing an empowering culture, offering a path to leadership mobility, and using long-term and short-term incentive programs.

Empowering culture comes directly from the top. Leaders must lead through example and help bring up those that surround them.

What makes a good culture or a bad culture? If you think of your career and the job that you could not wait to quit, it's likely that company had a bad culture. This could have stemmed from a manager who wanted to micromanage you or an organization that disregarded every idea you had because it didn't come from management. Thinking back on these jobs and organizations, you knew they were not the right fit for you. Reflecting on your current organization, do you see the same tendencies? Or do you feel empowered?

An empowering culture allows employees to be able to own their career and make decisions in their day-to-day environment. This also enables leaders to cultivate confidence in their employees. Those employees that start to excel and grow in confidence will self-identify as upcoming leaders. They will master lessons that are invaluable, from learning how to prioritize their days to what tasks to put the most effort into. Employees will feel a sense of ownership and pride in the credit union. This helps retain talent because they know they are part of the larger picture and feel valued.

BUILD LOYALTY WITH RECOGNITION PROGRAMS

According to an OC Tanner survey (*tinyurl.com/nha8an8j*), 79% of employees quit their jobs due to a lack of appreciation. Showing appreciation is sometimes a difficult cultural task for leaders. What is the best or right way to show thanks? It could be creating a kudos board or giving an additional day off. Another way to show appreciation is involving individuals in tasks that would help them move up in their career and show that they are valued for their contributions.

"As a fintech startup, we often receive resumes from candidates coming from larger organizations who are drawn to our company because of our core values—transparency, curiosity, flexibility and collaboration," says Bryce Deeney, cofounder/CEO of equipifi (*equipifi.com*), Scottsdale, Arizona. "Our employees understand that their voice matters and are provided an opportunity to design their career path as we continue to scale in the fast-growing buy-now, pay-later space."

CREATE LEADERSHIP MOBILITY

Key to retaining employees and avoiding turnover at your credit union is providing a path to upward mobility. This means you need to understand where your current and future leaders want to go in their careers.

Fifty-six percent of CEOs vacating their post are being replaced by external candidates (*tinyurl.com/yub2hxak*). If you had to ask yourself two questions today when it comes to your credit union's ability to maintain continuity and development, those questions should be: "When the next leader leaves, who steps in?" and "Who among our current staff could be our next leader(s)?" If we are not having these conversations, we are failing our future industry leaders.

In a recent Randstad RiseSmart (*randstadrisesmart.com*) survey, only 43.2% of people feel that they have internal mobility opportunities. Employers, however, believe that there are opportunities upwards of 68.4% for promotions and growth within their organizations. The truth of the matter is that without mobility, we are going to lose talent.

Being transparent about how to move up the ladder is an important factor for talent retention.

Designing a mobility ladder starts with identifying the needs of the credit union and positions that will be needed for future success. Once those positions and gaps are identified, the real work begins by building out a mobility playbook. A mobility playbook not only helps your top performers by showing them a path to leadership—it can also protect the credit union by identifying succession gaps and options.

MORE ON LONG-TERM INCENTIVE PLANS

Succession Planning: The Lateral Way to the Top (*cumanagement.com/0220succession*)

Nine Steps to Creating a Deferred Compensation Program (*cumanagement.com/0421deferredcomp*)

Use of Split-Dollar Insurance Plans Grows (*cumanagement.com/0421splitdollar*)

Beyond Retirement Planning: Meet Your Employees' Overall Financial Education Needs (*cumanagement.com/0721beyondretirement*)

The Big Picture of Split-Dollar Agreements (*cumanagement.com/0220bigpicture*)

To promote a culture of continuous learning and growth at your credit union, encourage lateral career moves and cross-training. According to Deloitte's "2019 Global Human Capital Trends," only 6% of leader respondents said they're excellent at moving employees from role to role. The key to increasing this metric is clear communication through periodic touch-bases with each team member about where they want their career to go.

You may even want to consider skip-level meetings, so higher leaders can get to know up-and-comers. A skip-level meeting is when a CEO or other higher-up manager meets with employees who are more than one step down the chain of command.

OFFER SHORT-TERM & LONG-TERM INCENTIVE PROGRAMS

The use of short-term and long-term incentive programs is a must in the competitive talent marketplace.

Short-term incentive programs have traditionally been designed around results. These may include result-driven year-end or quarterly bonuses. While short-term incentive programs are great for the here-and-now, they do not always work for retention. Employees may hang on until the end of year only to leave once they receive their bonus. This is traditionally why we see larger percentages of employees transitioning roles in the first quarter of the year.

Long-term incentive programs are generally focused on retention, rewarding or recruiting. In the credit union space, we see these programs designed as either nonqualified 457(f) programs or collateral assignment split-dollar programs.

There is a misconception, though, that these programs can only be for top-level executives, when in fact these programs can be offered to any credit union employee who is deemed deserving or who has been identified as someone at risk of being poached.

Typically, 457(f) plans can be designed several different ways from a defined benefit, a target benefit or defined contribution plan. They can be positioned to keep individuals at the credit union through a time of transition or entice an individual to stay until they are able to move into their next position. The plans have numerous uses and time frames with risk of forfeiture dates.

Collateral assignment split-dollar programs are another long-term incentive program. This program characteristically has vesting periods of seven to 10 years but can be built for retention and reward. Ideally, your credit union will combine short-term incentives with long-term incentive programs to retain those individuals focused on the long-term goals and growth of the credit union.

We may not be able to prevent all of our future leaders and our rising stars from joining the Great Resignation. But we can be thoughtful in our practices and ensure we have the tools to make sure our culture is strong, our incentives are within market expectations and we show employees that they are valued.

Danielle Scodellaro, CFP, *is an executive benefits specialist at CUESolutions Platinum provider Cuna Mutual Group* (cunamutual.com)*, Madison, Wisconsin. She holds various FINRA securities registrations, her Certified Financial Planner® designation, as well as life, health and annuities licenses.*

6 Steps to a Stronger *Mobility Pipeline*

01 Establish responsibility/accountability for your leadership succession program.

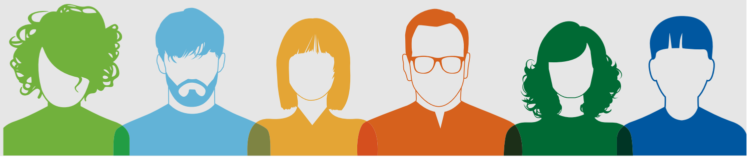
02 Routinely recruit candidates for lateral moves to create upward mobility opportunities.

03 Cross-train your management team's core responsibilities.

04 Use cross-training to enhance your culture and create freedom from fiefdoms.

05 Reward/incentivize departments for cross-training and cross-hiring.

06 As your top performers emerge, communicate clearly where you would visualize them in the future to show them that they have a clear path forward and to protect them from poachers.



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What makes Edge unique?
Our values. Two decades ago, we decided to be fully remote. This reduced our costs, increased our flexibility, and gave us the opportunity to better balance our work and family lives. Carrying this forward, Edge is one of few full-service, fully remote advertising agencies. We have 20 years of experience running creative and technical teams in a remote environment and 15 years of experience working with credit unions. Our unique insight into how to successfully communicate, collaborate and deliver high-quality results in our work—and function as a true team in tandem with our clients—has amplified our values of people, performance and partnership. We put people first. This experience and mindset uniquely prepared us to partner with our clients and navigate the challenges of the last two years.

What are the top issues for credit unions today?
Data privacy, Americans with Disabilities Act compliance and expanding the impact of small teams are at the top of the list. Credit unions are tasked to efficiently meet their digital marketing goals and champion the digital privacy of their membership. Helping craft user-friendly, ADA-compliant mobile-first websites and digital marketing assets is something we specialize in because serving all people, no matter the disability, is great customer service. By using marketing automation techniques, advanced tracking and stellar reporting, we are able to expand the impact of our clients' teams.

Why do you love credit unions?
Credit unions put people before profits. We love their heart for the communities they serve. It is incredibly rewarding when our skill set as a team can be applied to the betterment of the lives of individuals—which in turn affects the community as a whole. We find many like-minded individuals in the credit unions that we partner with, and these shared values transform checking things off a to-do list into making real change with the work that we do.

A Continuously *Bigger and Better Box*

LIKE A NAUTILUS, HUDSON VALLEY CU'S BOARD EVOLVES BEAUTIFULLY INTO ITS NEXT STAGE OF GOVERNANCE.

BY JENNIE BODEN AND ALEXANDER STEIN, PH.D.

The nautilus is a shelled sea creature known for renewing itself in a most beautiful fashion. It builds a new chamber inside the cover of its shell, moves out of the compartment in which it has been living, and seals off the old. As it progresses over time, the nautilus creates an amazing spiral shell with many sections.

In an ideal world, credit union boards would renew themselves as the nautilus does—building on the old to create a new, more expansive governance space.

But how many credit unions engage in conversations about building the next era of board governance? In the *2020 State of Credit Union Governance* (*cues.org/qg*), we reported that almost 25% of all board members have held their positions for at least 20 years. That's okay to some extent because historical continuity is good. Institutional knowledge and accrued wisdom are important to tackling today's complexities.

On the other hand, we've seen directors who perpetuated a negative culture for decades and boards where members were battling serious age-related health issues. We've also seen boards struggle under the weight of training too many newcomers, people with insufficient experience joining the boards of $2 billion credit unions, and recent additions who didn't understand the difference between governing and managing.

How do credit union boards transition to their next stage more like the nautilus—gracefully striking a balance between historical continuity and the next right steps for the board and the organization overall?

When leaders at $6.5 billion Hudson Valley Credit Union (*hvcu.org*), Poughkeepsie, New York, decided it was time to take a fresh, top-to-bottom look at the board's nominations process, we were privileged to accompany them and provide our professional guidance along the way. We are grateful to them for letting us tell you their elegant and effective story of board renewal.

"As our credit union continued to grow to over $6 billion, we knew we needed to transform our governance," says Board Chair Nancy Kappler-Foster, a CUES member. "Through our work with Quantum Governance and Dolus Advisors on increasing the effectiveness of our policies and practices—and in particular the constructive partnership between the board and the CEO—we understood the next step was to focus on the ideal board and supervisory committee of the future and then build a state-of-the-art nominations process to achieve that."

GETTING STARTED

Led by Kappler-Foster, the board began by chartering a new governance and nominations committee, integrating the original nominations committee as a subcommittee within a broader governance committee charter; redefining the roles and responsibilities for board members; and reevaluating its board-level committee structure overall. Next, the board examined its entire nominations process from recruiting to onboarding.

We facilitated workshops with the board, management and supervisory committee that enabled Hudson Valley CU's volunteers and management team members to commit to a new process that:

- Developed an overall vision for the nominations process, attending to group dynamics, tone and culture, trust, psychological safety and, of course, good governance.
- Leveraged decision science, combining business tactics, technology and behavioral sciences through a collaborative approach to help leaders make optimal, data-driven decisions.
- Surveyed the decision landscape, identifying and evaluating the credit union's needs and ultimate goals at the board and supervisory committee levels and forecasting the probable consequences of its decisions.
- Challenged everyone involved to overcome their biases and blind spots, subordinating their own personal interests to the credit union's best interests.
- Valued character in the boardroom as highly as key performance indicators, identifying not only hard skills and expertise but also character traits and attributes to drive the identification and prioritization of candidates.

IDENTIFYING NEEDED SKILLS AND ATTRIBUTES

We helped Hudson Valley CU's leaders clarify the skills and attributes they sought in new board and supervisory committee members. Like many CUs, Hudson Valley CU's leaders hadn't revisited their wish list in ages. (See sidebar for the CU's "before" and "after" calls for candidates.)

We looked to data to guide the way toward a new standard. The *2020 State of Credit Union Governance* report found significant differences between what credit unions sought in their candidates and the skills and attributes they actually valued in the boardroom.

And Hudson Valley CU was no different. When we surveyed the CU's board, supervisory committee members and management, we found they had been prioritizing skills in financial literacy, professional services and operations. However, the perceived value of those skills in the boardroom was significantly lower than for human skills like being able to focus on the future, do critical thinking and be independent-minded. We recommended that the CU prioritize (in both its recruitment and nominations processes) what its leaders value most in the boardroom. In actuality, the shift was likely long overdue, as it is for most credit unions.

Following an analysis of their survey data and focused work with both the volunteer and management leadership, Hudson Valley CU developed a new call for candidates that delineated specific skills, attributes and character traits that matched the credit union's changing governance needs, culture and core values—in alignment with what board members actually value in the boardroom. (See sidebar, "Hudson Valley CU's Call for Candidates Refresh.")

"I was so gratified to see the change in focus from fiduciary- to strategic-related skills for our new board members," says President/CEO Mary Madden, CCE, a CUES member. "As we look to the future and the $10 billion threshold (by 2027), the management team will be looking to our board to ask the hard questions that need to be asked from a strategic point of view, while we're overseeing the day-to-day operations. Certainly, board members need to continue to be responsive to their fiduciary duties, but strategically, there are a lot of critical, strategic decisions in front of us."

THE CANDIDATE PROCESS

Historically, Hudson Valley CU used traditional routes for board recruitment—issuing the call for candidates on its website and in member statements and posting it in its branches. The CU's nominations subcommittee leveraged AVP/PR and Corporate Communications Lisa Morris to help get the word out in new ways. Morris placed ads on LinkedIn, sent word out to the area's largest chambers of commerce, and conducted outreach through other specialty membership organizations and associations in the CU's region. For the first time, board members took a more active role in recruiting.

All told, Hudson Valley CU received 18 applications for three open seats for its board last year. In the end, new board members came from board and volunteer referrals and Morris' outreach to the Professionals of Color Network Hudson Valley (*tinyurl.com/pochv*). Morris believes casting the net wide was a value-add.

"Any additional outreach we do as a credit union—whether it's marketing for a new product or issuing the call for candidates to and through a new association—means we're reaching potential new members," she says.

A CEO once told Quantum Governance that his board was so concerned that he would "stack the deck" in his favor, he wasn't even allowed to know how many applications his credit union received in response to the call for candidates. We took the opposite tack, recommending that Hudson Valley CU *include* Madden in the entire process. As a result, she participated as an ex-officio, non-voting member of the nominations subcommittee, lending her decades of expertise in interviewing, evaluating and vetting high-level professional candidates.

"At first, we were all a bit skeptical about including Mary in the process," said Julie Majak, the current chair of Hudson Valley CU's nominations subcommittee. "But having her participate was an important, positive change. After we reminded ourselves that she had a voice—not a vote—we all quickly moved on to benefit greatly from our CEO's expertise and insights. Her participation is now a given moving forward."

We also recommended the nominations subcommittee add a peer evaluation for any incumbent candidates, as well as psychometric testing in the form of the EverthingDISC Workplace Profile (*discprofile.com*) and expand interviews from 20 minutes to an hour. We also helped the committee develop strategic interview question sets to be used for all candidates to test the issues most important to the credit union.

Importantly, the nominations subcommittee approached each interview with a new, elevated perspective of what was required and a clear understanding of what the board was looking for in new volunteers.

"As we look to the future and the $10 billion threshold, the management team will be looking to our board to ask the hard questions that need to be asked from a strategic point of view, while we're overseeing the day-to-day operations."

— Mary Madden, CCE

We recommended Hudson Valley CU use a five-point scale for evaluating candidates based on the outcome of the assessment. Future board members should be: skilled enough to be board chair (even though it might never be right for them to be chair, see *cumanagement.com/0122goodgovernance*); critical and strategic thinkers; independent-minded; consensus-builders; and of unimpeachable integrity. We also suggested the nominations subcommittee prioritize diverse candidates and individuals with previous board experience and expertise in the financial realm.

The nominations subcommittee selected five of the 18 candidates to interview, ultimately nominating three candidates who were later elected to the board. The subcommittee also launched an associate board member program. (At *cues.org/boardpolicies*, see package 1). This enabled bringing in a strong fourth candidate as an associate director, creating the opportunity to increase the candidate's general knowledge of CU governance over time, while benefitting immediately from the candidate's attributes and expertise.

THE ONBOARDING PROCESS

Not content with improving only the nominations process, Hudson Valley CU's leadership also focused on enhancing its onboarding program for new volunteers. A small task force comprising both board and staff was created and led by an expert in training from the CU's HR department. The task force expanded the CU's original, skeletal onboarding process into a robust program that includes a 15-plus hour, four-session orientation curriculum with homework assignments and between-session learning. The program also includes a variety of training modalities and sources, including online modules from CUES; in-person presentations from staff and board members; and written materials.

Beyond the orientation curriculum, Hudson Valley CU has committed to at least a 12-month onboarding process that includes regular check-ins by the board chair, committee assignments and access to the CEO, and management representatives who can provide tools, answer questions and serve as subject matter experts to help new directors understand the nuances of the CU industry, the CU's budget, executive compensation and the economy, plus learn how their strategic decisions apply to and impact operations and results. Hudson Valley CU eventually aims to have all its volunteers and supervisory committee members participate in the onboarding process.

THE HUMAN DIMENSIONS OF THE PROCESS

We would be remiss if we didn't address the challenges that such a significant amount of change raised. Implementing this multiphase process was a massive undertaking for Hudson Valley CU's board, supervisory committee and nominations subcommittee, and it represented a gap-leaping progression in the leaders' ability to meet members' needs. (For more, read, "Key Outcomes and Lessons Learned From a Board Renewal Effort" at *cumanagement.com/0122keyoutcomes*.)

Successful organizational change involves more than good processes and procedures. People are the pivotal element, and enabling them to integrate new ways of thinking about and doing things is often the most challenging task.

The starting point for change is recognizing that it's needed. Implicitly, there must have been reasons, acknowledged or not, why any action hadn't come sooner.

The reasons change is hard and the right ways to contend with oppositional forces are unique to each situation. Still, Hudson Valley CU's journey was not uncommon. Its particulars aside, we hope—as does the CU's leadership—their story will be helpful for others contemplating similar enhancements.

Board composition did shift over time at Hudson Valley CU, so a stagnated boardroom cohort was not the main board renewal problem the credit union faced. Rather, the board had not empowered the previous nominations subcommittee to function as a strategically important committee—recruiting the best candidates, helping to refresh the strategic makeup of the board and revitalizing its vision. While today the nominations committee is viewed by the board as one of its most consequential committees, it had been for years reduced to a group of people who executed the simple task of managing the logistics of the nominations process, with little to no strategic input or impact to the overall makeup of the board.

Another consequence of that legacy was a contingent that strongly believed that maintaining the status quo was in the CU's best interest. In their view, the introduction of innovative tools and processes to enhance Hudson Valley CU's culture and governance posed a threat to the long-held assumption that the nominations process needed to be completely independent from the board and even management. Although the board had signed off on the innovations, some members of the nominations subcommittee concluded that the changes would be detrimental.

"Some members of the committee were uncomfortable with the amount of dramatic change the consultants were looking to implement so quickly," says CUES member Misty Decker, chair of the governance and nominations committee.

In such a situation, building trust and giving the naturally conservative individuals the courage to try are what's needed more than anything else. The antidote to resistance and anxiety-

Hudson Valley CU's Call for Board Candidates *Refresh*

BEFORE

Nominations are being accepted through Nov. 1 for our 2020 Board of Directors Election. Board members are volunteers elected by the credit union membership and are responsible for the general direction of the credit union, leading us forward and positioning the credit union to respond to members' future needs. Directors must carry out their duties in the best interest of the membership, conforming to all applicable rules and regulations, as well as sound business practices.

Members with strong backgrounds in a variety of fields are needed, including business, finance or investments, human resources, marketing or information technology. A director must have a working familiarity with basic finance and accounting practices, including the ability to read and understand the credit union's balance sheet and income statement. Board members volunteer an average of 10-15 hours per month to credit union business and are also required to attend a monthly meeting in Poughkeepsie, New York, as well as serve on one or two additional committees.

AFTER

Nominations are being accepted now through Feb. 25 for the Hudson Valley Credit Union 2021 Board of Directors. Our Board members are volunteers elected by the credit union membership and responsible for working in partnership with our Management Team to lead the credit union to mission success: to create financial security and a better quality of life.

Our Board provides governance and leadership; visionary, strategic direction; and fiduciary oversight, and we're looking for members who are experienced critical and strategic thinkers, with a keen ability to focus on the future. If you are independent-minded but can also work to build consensus among a group of diverse people, we need your skills! And, while you don't need a degree in finance, you do need to be comfortable reading financial statements and analyzing organizations from a strategic point of view. We are a fast-growing credit union, with a commitment to good governance and acting with integrity.

If you think you have the right mix of skills, talents and attributes, can commit to an average of 10-15 hours per month in service of our credit union, plus attend a monthly meeting in Poughkeepsie, New York, and serve on at least one of our board-level committees, visit our website at *hvcu.org*.

driven risk aversion is assurance, not force.

Our approach was to mobilize a small group of institutional leaders—the board chair, the CEO, and the governance and nominations committee chair—to join us in a conversation with the nominations subcommittee members. We acknowledged that the proposed systemic changes were indeed a substantial and understandably frightening departure from the past. We heard their concerns, validating rather than dismissing their impassioned drive to guard normed cultural traditions, and we invited them to question and reconsider the benefits to change.

"We were ultimately successful," Decker adds, "because we had established trust in Quantum Governance's experience addressing board issues with other credit unions and in Dolus Advisors' expertise in driving organizational culture change."

Of course, the realities of dealing with stakeholder pushback are rarely straightforward. Navigating opposition can get hot and messy. Agreeing to disagree, building or re-establishing trust, and defining workable pathways to compromise can be arduous.

But there is no more important work.

And this work is and has been a powerful reminder that high-performing boards are a combination of capabilities and practices coupled with human dynamics and culture. Each of these areas entails differently defined tools and solutions to enhance or repair as well as to strengthen and elevate. They also require a healthy dose of humility to accept—and even celebrate—that the changes we embrace are actually only a work in progress.

Jennie Boden *is president of consulting services at CUES strategic partner Quantum Governance* (quantumgovernance.net)*. She has 30 years of experience in the national nonprofit sector and has served as chief staff officer for two nonprofits.* **Alexander Stein, Ph.D.,** *is founder of Dolus Advisors* (dolusadvisors.com)*, a consultancy that helps leaders address psychologically complex organizational challenges. The authors offer their gratitude to the* **board, CEO, supervisory committee, senior management, the nominations subcommittee, and the governance and nominations committee at Hudson Valley Credit Union** *for permitting us to publicly discuss this aspect of our work with them. Their willingness to share for the benefit of the CU community is a hallmark of their exceptional attitude toward governance excellence.*

MORE ON GOVERNANCE

Key Outcomes and Lessons Learned From a Board Renewal Effort (*cumanagement.com/0122keyoutcomes*)

Good Governance: Every Director Should Be Skilled Enough to Be Board Chair (*cumanagement.com/0122goodgovernance*)

Quantum Governance (*cues.org/qg*)

Board Policy Packages (*cues.org/boardpolicies*)

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

Governance Leadership Institute™ (*cues.org/gli*)

Governance Leadership Institute II™ (*cues.org/gli2*)

Beyond Bread-and-Butter *Offerings*

WHAT'S THE LATEST IN KEY SPECIALTY LOAN NICHES?

BY RICHARD H. GAMBLE

Bread-and-butter lending for credit unions has long meant car loans and mortgages. As we saw in our "2022 Lending Outlook" (*cumanagement.com/1221lending*), home equity lines of credit currently hold a lot of potential. At the same time, niche loans may be the areas of the greatest growth in both the near and long term.

BACK TO BUSINESS LENDING?

Business lending has been slow to revive in 2021 after the 2020 freeze, says Bill Conerly, an economic consultant based in Lake Oswego, Oregon. Many small businesses applied for Paycheck Protection Program loans, even when they didn't need them, he notes, reducing their need for CU loans.

CUES member Bill Vogeney, SVP/chief revenue officer of $8.6 billion Ent Credit Union (*ent.com*), Colorado Springs, says business loans are a mixed bag. While there's a cloud hanging over retail and office space as a result of the pandemic, the market is heating up for owner-occupied commercial real estate loans, operating lines for medical practices, and loans for apartment complexes, he says.

At the same time, CUs need to watch out for insurance companies, Vogeney says. "We lost a loan to an insurance company that offered a rate we couldn't touch," he reports. "They're desperate for a yield they can't get from their usual sources."

Northern Credit Union (*northerncu.com*) is looking at increasing its footprint in commercial lending as a balance sheet diversification move, says CUES member Tammy Buchanan, SVP/CFO of the $1.72 billion CU in Sault Ste. Marie, Ontario.

The hardest-hit businesses—bars, restaurants, movie theaters—are not big borrowers, Conerly points out. The best candidates for CU loans have accounts receivable, inventory and capital equipment to finance. There should be new business borrowing in 2022, he says, to finance technology and equipment to deal with the tight labor market.

Don't rule out loans to high-risk businesses, says Carmella Murphy, founder and principal consultant of High-Risk Business Solutions LLC (*hrbsolutionsllc.com*), in the Seattle area. Entrepreneurs with good track records may be drawn to newer industries with strong growth potential. The rates on such loans are attractive, the business case can be solid, and it's a chance to help the underserved, she notes.

THE QUESTION OF CANNABIS

Cannabis lending is a niche market where demand for loans is high, rates are well above portfolio averages, the growth trajectory is among the best in the nation, due diligence and credit monitoring can be easy—and where CUs are starting to lend, says Kevin Hart, founder/CEO of Green Check Verified (*greencheckverified.com*), Bonita Springs, Florida, which provides cannabis banking solutions and advisory services to 85 bank and CU clients.

"We know our credit union clients and prospects are lending to the cannabis industry," he says, "but the supply is still way too small for the demand.

"More and more states are legalizing medical or recreational marijuana," he continues, "and some businesses that borrowed earlier at steep rates and tight restrictions are refinancing now at more

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MORE ON LENDING

2022 Lending Outlook (*cumanagement.com/1221lending*)

The Great Wealth Movement and Lending (*cumanagement.com/1221wealth*)

CFO Focus: Economic Outlook for Lending in the Coming Year (*cumanagement.com/1121cfofocus*)

Move Over Models, Successful Lending Starts With Strategy (*cumanagement.com/121521skybox*)

Disruption Opportunities in Mortgage Lending (*cumanagement.com/podcast124*)

normal terms." To better serve such community businesses, $1 billion Frankenmuth Credit Union, Frankenmuth, Michigan, has publicly branded its cannabis product, Envy (*frankenmuthcu.org/envy*), according to the *Detroit Metro Times* (*tinyurl.com/frankenmuthenvy*).

The cannabis market growth outlook is stunning, Hart says—30% to 40% average compounded growth per year, with no signs of letting up. Forty states are now in the pipeline, either having voted to allow cannabis sales or on the path to implementing legislation. Projections show cannabis sales will exceed alcohol sales by 2026.

"It's on track to become the biggest consumer packaged goods industry in the country," Hart claims. As decriminalization spreads across the country, the legal market will continue to explode, Hart predicts.

While Hart is high on these prospects, Murphy points out that higher-risk loans can come with higher charge-offs, so a CU needs to invest more in due diligence and monitoring. Lending to high-risk businesses works best when a CU has developed high-risk lending as a business line backed by trained lenders and informed underwriting, she explains, but that can be hard to justify for smaller CUs that want to limit high-risk loans to a small percentage of their portfolios. As with any specialty lending, CUs must understand the industry and the associated risks to do proper underwriting, identify mitigating factors and apply risk-based pricing.

STUDENT LOAN CONNECTIONS

A student needing a loan can be the first step to a long, productive relationship, observes Scott Patterson, CEO of CU Student Choice (*studentchoice.org*), a CU service organization in Washington, D.C.

"The most desirable new member for many credit unions," he notes, "would be a young professional with a college degree and good income—and a future lifetime of buying homes and vehicles and using credit cards." That would be the college student borrower in about four years.

"With student loans, CUs can capture the relationship before ... all lenders come after the young professionals," Patterson adds.

What's emerging as the go-to student product for many CUs, Patterson reports, is a four-year line of credit. It's flexible to some extent but far from handing a blank check to a young person. The credit can only be used to pay school-certified academic expenses at a public or private not-for-profit school, he explains. CUs work from an approved schools list. Funds are disbursed to the school.

COVID-19 flipped the normal pattern of people going back to school when a recession hits and unemployment rises, Patterson points out. With the pandemic restrictions, paying full tuition for a remote learning experience became less attractive; enrollment was down, and even those paying tuition often didn't need to pay for room and board. With about 90% of student loan balances in federal loans and payments on those loans suspended well into 2021, fewer borrowers wanted to refinance an interest-free loan, so lenders saw much less refi action. Now the suspension has been extended to May 1, 2022, but hopefully interest will revive after that, he says.

Talk in Washington about student loan forgiveness clouds the refinance picture a bit because only federal not private loans would be forgiven.

"A borrower must decide," Patterson explains, "whether to hold a higher-rate federal loan on the chance that some of it could be forgiven or refinance at a known better rate and take a chance on missing out on forgiveness."

FINANCING A CAR BATTERY

A bright spot for 2022 could be electric car financing, suggests Bob Child, chief operating officer of CUES Supplier member CU Direct (*cudirect.com*), Ontario, California.

"We just added Tesla to our platform," he reports. Tesla doesn't "have dealerships, so they like to work with financing partners like credit unions."

The useful life of an e-vehicle is strongly tied to the quality and longevity of its battery, he notes. Some cars have better batteries, and smart e-car lenders will need to understand that they are, to some extent, underwriting batteries.

Collateral values are different with e-vehicles, agrees Micheal Herman, chief technology officer of CUESolutions provider Cuna Mutual Group (*cunamutual.com*), Madison, Wisconsin. E-cars are more expensive than traditional ones, making the loans larger, he points out. Historically they have depreciated faster as well, but that seems to be shifting as demand has increased significantly. Buyers should save a little on insurance due to safety features, he adds, and various incentives give e-car buyers a little more leverage.

Demographics matter. Gen X buyers make up almost 40% of e-car sales, followed by millennials at around 35%, he reports.

CUs will have to consider how those vehicles depreciate over the life of the loan, suggests Anirban Basu, chief economist of the Sage Policy Group (*sagepolicy.com*), Baltimore. An e-car buyer will also buy and maybe finance a charging station.

While CU's lending bread and butter is unlikely to change soon, exploring these niche markets may help diversify loan portfolios and better serve unique member needs.

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


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CUES Announces *TalentNEXT*

In an era when credit unions are dealing with extraordinary challenges in human capital, talent development leader CUES is launching TalentNEXT (*cues.org/talentnext*), a first-of-its-kind conference designed to help credit unions realize a future-focused people strategy.

The event will unify the credit union's CEO with the head of HR, training or talent development and other executives who guide the talent development efforts of their team. For maximum benefit, teams should attend together. TalentNEXT registration features discounted pricing for pairs such as the CEO and their head of HR or talent development, as well as discounted rates for additional attendees from the same credit union.

"We realize the pandemic and the ensuing 'Great Resignation' have left credit unions with the need to strengthen and re-evaluate their strategies around talent development, performance management and developing their leadership pipelines. TalentNEXT provides shared learning opportunities for the CEO, the top HR exec and the rest of the C-suite, allowing them to collaborate in future-proofing their people strategy," says John Pembroke, CUES' president/CEO. "Attendees will head home with actionable takeaways and new ideas to implement."

"While there are other HR events, they are often focused on operational topics like recruiting and compliance. There is no other event specific to credit unions that focuses on their people strategy and is taught by faculty of Ivy League business schools," says Christopher Stevenson, CAE, CIE, SVP/chief learning officer for CUES. "TalentNEXT is designed to be highly interactive, with group work, case studies and activities to ensure each executive team aligns their talent strategies with their organizational goals."

TalentNEXT is happening May 15-17 in Austin, Texas. Register at *cues.org/talentnext*.

Applications Open for *2022 CUES Emerge Program*

CUES Emerge, the industry's premier emerging leader program, is accepting applications for the 2022 cohort through Feb. 14.

The program, which was developed in partnership with Currency (*currencymarketing.ca*), combines online learning, peer collaboration and an exciting competition component where participants will apply their learning and develop a business case to drive innovative ideas in their credit unions and communities. The participants who complete the course work and business case in full will earn the Certified Credit Union Manager designation in recognition of their strong commitment to their career, credit union and the industry.

Any current credit union employee who has not yet reached the C-Suite level is eligible to apply to this free program. To learn more about the program or to apply for the 2022 cohort, visit *cuesemerge.com*.

CUES Compensation Surveys: *Please Participate*

Has your credit union been affected by "The Great Resignation"? CUES compensation surveys can help—but first, we need *your* help! Each year, CUES compiles employment data from credit unions nationwide through CUES Employee Salary Survey (*cues.org/ess*) and CUES Executive Compensation Survey (*cues.org/ecs*).

We urge you to contribute your credit union's data—doing so helps to ensure this valuable resource is available to support our industry. Plus, when you do, you'll gain a full year of access to the data—valued at more than $1,200—as our gift to you!

The surveys are open until Feb. 28. Visit *cues.org/ess* and *cues.org/ecs* for more information.

Online Learning

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

MARCH 10
Virtual Classroom: The Leadership Mentality: How to Own Your Leadership & Make an Impact

MARCH 16
CUES RealTalk!

MARCH 16-MAY 18
Women in Leadership Cornell Certificate Program

APRIL 1-SEPT. 30
CUES School of Business Lending™

APRIL 20-JUNE 22
Strategy and Digital Marketing Cornell Certificate Program

JUNE 15-AUG. 17
Systems Thinking and Project Management Cornell Certificate Program

JULY 1, 2022-APRIL 30, 2024
High Performing Board Digital Series

JULY 20, 2022-MARCH 22, 2023
CUES Advanced Management Program from Cornell University

2022 LEARNING & EVENTS **CALENDAR**

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FEBRUARY 2022			
CUES Symposium	Wailea, Maui, HI	**February 6—10**	cues.org/SYMP
MARCH 2022			
Execu/Summit®	Big Sky, MT	**March 13—18**	cues.org/ES
APRIL 2022			
CEO Institute I: *Strategic Planning*	*The Wharton School* University of Pennsylvania	**April 24—29**	cues.org/INST1
MAY 2022			
TalentNEXT	Austin, TX	**May 15—17**	cues.org/TalentNEXT
CEO Institute II: *Organizational Effectiveness*	*Samuel Curtis Johnson School of Management* Cornell University	**May 15—20**	cues.org/INST2
CEO Institute III: *Strategic Leadership Development*	*Darden School of Business* University of Virginia	**May 15—20**	cues.org/INST3
JUNE 2022			
Governance Leadership Institute™ I	*Rotman School of Management* University of Toronto	**June 5—8**	cues.org/GLI
Governance Leadership Institute™ II	*Rotman School of Management* University of Toronto	**June 8—10**	cues.org/GLI2
AUGUST 2022			
Execu/Net™	Jackson Hole, WY	**Aug 28—31**	cues.org/EN
SEPTEMBER 2022			
Supervisory Committee Development Seminar	Santa Barbara, CA	**Sept 19—20**	cues.org/SCDS
Director Development Seminar	Santa Barbara, CA	**Sept 21—23**	cues.org/DDS
DECEMBER 2022			
Directors Conference	Las Vegas, NV	**Dec 4–7**	cues.org/DC

2022 ONLINE PROGRAMS		
Diversity, Equity, and Inclusion Cornell Certificate Program	**January 19—March 23**	cues.org/eCornell-DEI
NEW! Women in Leadership Cornell Certificate Program	**March 16—May 18**	cues.org/eCornell-WIL
School of Business Lending	**April 4—September 30**	cues.org/SOBL
NEW! Strategy and Digital Marketing Cornell Certificate Program	**April 20—June 22**	cues.org/eCornell-Marketing
NEW! Systems Thinking & Project Management Cornell Certificate Program	**June 15—August 17**	cues.org/eCornell-PM
CUES Advanced Management Program from Cornell University	**July 20—March 22, 2023**	cues.org/eCornell-CUManager
High Performing Board Digital Series	**New class starts July**	cues.org/HPB
CEO Institute I	**August 8—12**	cues.org/INST1-Online
NEW! Human Resources Analytics Cornell Certificate Program	**August 17—October 19**	cues.org/eCornell-HR
Director Development Intensive	**Dates TBD**	cues.org/DDI
Board Liaison Workshop	**Dates TBD**	cues.org/BLW

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

Unleash the Power of Creativity and Lead *Without Frontiers*

BY ROY SHARPLES

Creativity is the most distinguished quality for every leader in every domain. Creative leaders display distinctly different behaviors, values and characteristics from traditional management, and they get exponential results, inspire creativity in others, build productive teams and drive successful businesses.

Yet while many organizations claim that they value creative leadership, most of them pay lip service to the idea and instead promote leaders who do not espouse creative leadership and instead are perceived as safer, risk-averse and more likely to maintain the status quo. This is diametrically opposed to the necessary leadership needed to move the world forward.

Creative leaders possess a distinctly engaging and inspirational leadership style because they truly put people first, are perceptive about their needs, are inclusive of and empathetic toward different cultures, promote diversity and difference, and have a purpose-led, mission-driven approach to making people's lives better and advancing society toward the greater good. They hold themselves accountable for their actions and have a social conscience and empathy for the environment by continuously managing innovation that powers the products they design, make and sell, and the businesses they run.

THE CREATIVE EXCELLENCE MODEL

The Creative Excellence Model is a guide for leaders, teams and organizations that want to build sustainable creative capability. Grounded in real patterns and insights gleaned from some of the most creative teams and organizations globally, the model helps formalize behaviors from a cluster of knowledge, skills, abilities and motivations and prescribes the desired performance patterns required by diagnosing and evaluating performance and talent. It contains definitions and examples of each competency, mainly dealing with different performance levels for each expected behavior contributing to advancement.

The five learning stages are:

1. **Fledgling.** Acquiring knowledge and know-how
2. **Journeyman.** Applying insight and contributing independently
3. **Expert.** Guiding through domain expertise
4. **Innovator.** Innovating through breakthrough execution
5. **Artist.** Leading through artistry and personal mastery

The bottom line is that creative leaders have confidence in their ideas and never give up on bringing them to fruition. It means leading without frontiers by seeing around the corners and fearlessly navigating into the future. Creative leaders are people of action who are always future-oriented. They start things, move the world forward and inspire others to do it as well by driving transformation in society, business and the arts.

What can you do to follow the creative excellence model?

Roy Sharples *is the founder/CEO of Unknown Origins* (unknownorigins.com)*, a creative design studio on a mission to save the world from unoriginality by unleashing creative power, and author of* Creativity Without Frontiers: How to make the invisible visible by lighting the way into the future.

Leave a comment at cumanagment.com/122021skybox.

"Your executive leadership wants to know what will help the credit union achieve its strategic goals. No matter the topic of your presentation, take a moment to tie it to strategy. And, as much as possible, show how your topic helps improve the bottom line. Without line of sight to the strategic plan, you will lose your audience before you begin."

Sara Kennedy, CSE, SVP/associate experience at $6 billion Members 1st Federal Credit Union (*members1st.org*), Mechanicsburg, Pennsylvania, in "Five Tips for Stellar Presentations" on CUES Skybox: *cumanagement.com/121321skybox*

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