CU MANAGEMENT

NOVEMBER 2023 • IN-DEPTH INFORMATION FOR CREDIT UNION LEADERS

BUILDING A CULTURE *of Success*

2023 Outstanding Chief Executive Carla Cicero, CCE, is passionate about creating high-performing teams.

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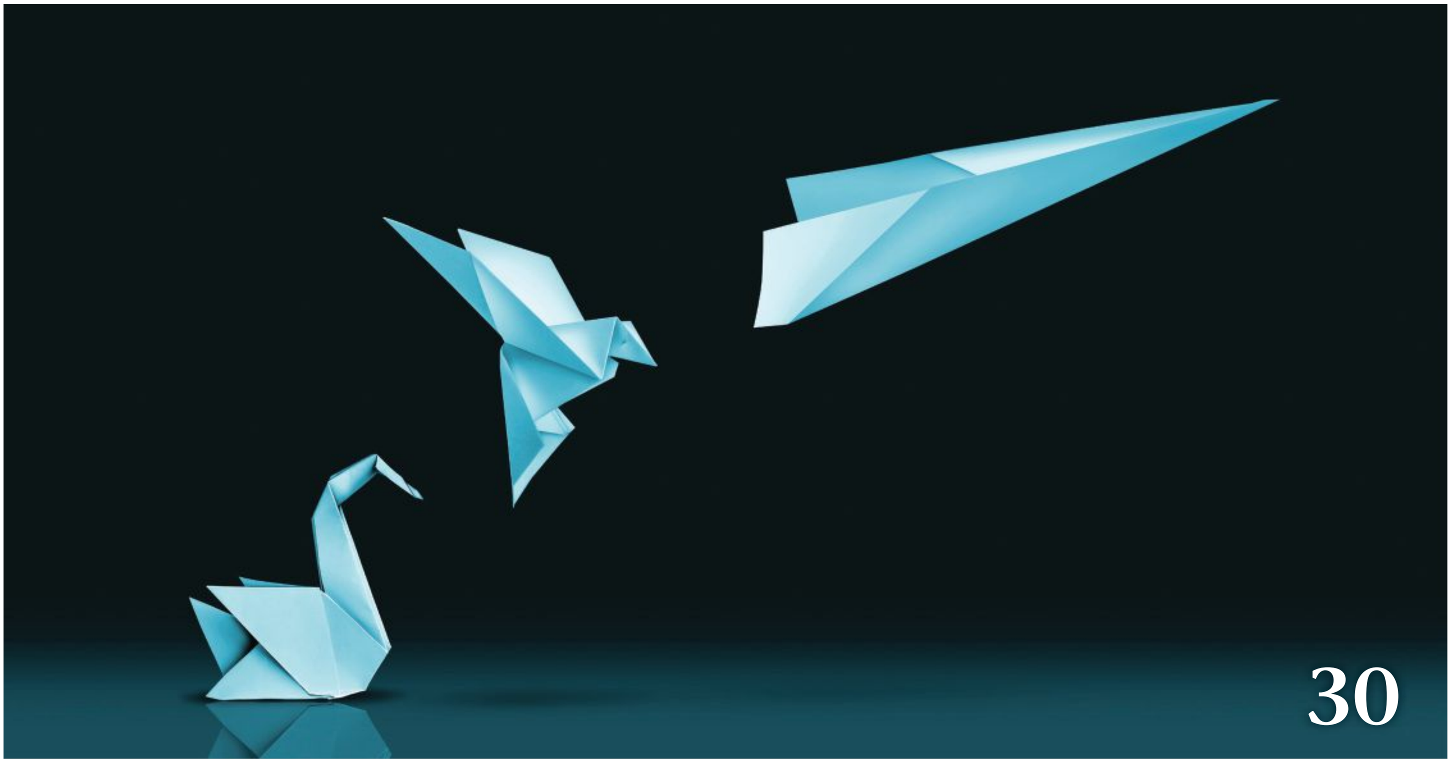

ARTICLE

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ONLINE ARTICLES, VIDEOS AND MORE

From Our Blog

Make Team Members Feel More 'Involved and Trained and Retained'

Credit union leadership team reaps the benefits of pairing a Harvard ManageMentor course with a group discussion.

cumanagement.com/100523blog

CUES Video

Addressing Gender Bias Can Benefit CUs

Peter Myers, SVP of DDJ Myers, an ALM First Company, discusses six data points that illustrate significant differences in how men and women perceive the same workplace situations—and the opportunity this presents for CUs.

cumanagement.com/video110123

Online Feature

The Spirit of the Tongass: People, Like Trees, Stand Strongest Together

$220 million Tongass FCU partners with locals to bring financial services to remote areas of Alaska via "microsites."

cumanagement.com/1023tongass

CUES Podcast

Credit Union Pay Today: Data, Trends and Analysis Tools

Scott Hackworth, CPA, president of Industry Insights, discusses compensation data and corresponding trends that stand out in this year's CUES Executive Compensation Survey and CUES Employee Salary Survey.

cumanagement.com/podcast151

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LET'S CONNECT

Comments, suggestions and letters can be sent to **theresa@cues.org**.
LINKEDIN: Theresa Witham
INSTAGRAM: tawitham

YOUR THOUGHTS

HOW IS YOUR CREDIT UNION TARGETING GEN Z?

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

Get Innovative *to Reach Gen Z*

I am raising a Generation Z child, so I was especially interested to see what our feature article about connecting with this group had to say.

This quote from author Sam Plester really spoke to me:

"This generation's global perspectives have been shaped by catastrophe—climate crises, political upheaval, social justice movements, the COVID-19 pandemic. This is a cohort that has demanded a better, more equitable future for everyone. This has to be the Credit Union Generation."

On any given day, my teenager wants to talk about one or more of these topics, extensively. But was I really that different at his age? Sure, the crises were somewhat different. We had the AIDS epidemic, rainforest destruction and drunk driving. We protested apartheid in South Africa and wrote postcards for Amnesty International. I was a member of the diversity club and a group called Students Concerned for the Future, both of which could still exist in any American high school today.

But there is at least one significant difference between my son and me. I could not wait to get my driver's license and was eager to drive my friends around after passing the test on my 16th birthday. My Gen Zer, at 15, has no interest in cars or driving.

An online search and scan of headlines in various media outlets suggests he is part of a larger trend. This same scan also suggests the trend may not last, and that Gen Z, like millennials, will buy cars eventually; they will just be a few years older than previous generations when they finally do (*tinyurl.com/genzcars*). My son may change his mind at some point and ask to drive, but I am planning for a future in which he does not.

Is your credit union planning for a similar future in which members don't purchase as many vehicles and therefore don't need as many vehicle loans? How will your credit union make up the difference? If you don't have the answers to those questions, three features in this issue could help you.

First, consider the technology breakthroughs that will help you better connect with Gen Z. Read more on p. 20.

Next, work to incorporate more innovative thinking throughout your organization—and stay up on emerging technology and what it can do for your credit union. Find our feature about creating a culture of innovation on p. 26, and turn to p. 16 for our 2024 technology outlook.

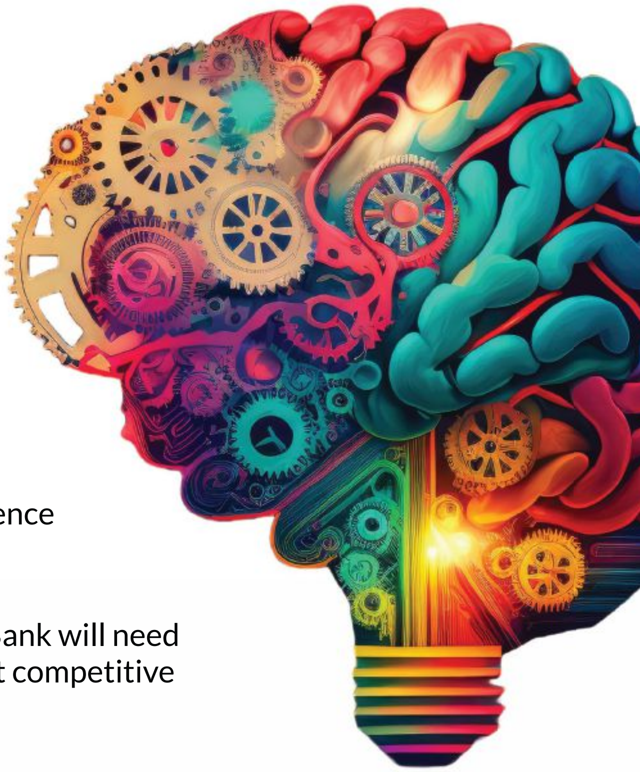
Theresa Witham

Theresa Witham
VP/Publications & Publisher

P.S. Join us for the final RealTalk! of 2023 on Nov. 15. Our panel will discuss what it's like to be the first female CEO at their credit unions. Register for this free program using the QR code on this page.

Cornerstone
ADVISORS

Become a Smarter Bank With These 5 Key Characteristics



1. Hyper Efficient
Groundbreaking efficiency will be the hallmark of the Smarter Bank, driven by a combination of digital self-service, process automation and artificial intelligence

2. Differentiated
To compete with non-traditional banks, the Smarter Bank will need to shrug off plain vanilla “sameness” and forge distinct competitive positions and segmented brands.

3. Fast
Forget annual planning cycles. Banks and credit unions that intend to survive in a technology-first era understand they are in a constant “release” environment and must continually balance structure with “getting stuff out the door fast.”

4. Data-Driven
Smarter banks and credit unions will need to take inspiration from trailblazer organizations that know how to drive value by leveraging data to make better, faster, and more informed decisions.

5. Opportunistic
Whether it’s M&A, talent carve-outs, new market entries, or new lines of business, Smarter Banks will be the ones that know when to move and look for opportunities—particularly when the industry is inward-focused and risk-averse.

Learn More on How to Become a Smarter Bank

Watch the 30-minute online event, **Smarter Bank LIVE!** Featuring Cornerstone’s gritty truth-tellers, Steve Williams and Al Dominick.

WWW.CRNRSTONE.COM/SMARTER-BANK-LIVE

Rethinking the Fight *Against Money Launderers*

Financial regulators estimate that trillions of dollars are laundered globally each year, a trend that progressively threatens to exploit banks and credit unions as conduits for illicit funds. As criminal techniques become increasingly advanced, financial institutions face the challenge of keeping pace, especially with outdated Anti-Money Laundering technology that remains largely dependent on rules-based systems.

These traditional AML tools, while once effective, now exhibit their limitations as criminals exploit vulnerabilities within the existing systems. The emergence of more sophisticated money-laundering methods underscores the urgent need for newer, more resilient technology.

An equally pressing concern for financial institutions is managing overwhelming data volumes. Traditional AML solutions, even in smaller institutions, can monitor hundreds of thousands of transactions daily. The resultant surge in false positives—each requiring manual review before clearance— wastes valuable time and resources and further complicates what can be an already complex workflow.

Adding to these challenges is the growing scrutiny from U.S. financial regulators. Last year, the Financial Crimes Enforcement Network reported a 50% increase in enforcement actions related to AML compliance compared to 2021, after a dip in actions the previous year. For financial institutions, the consequences of those actions can be expensive, regularly reaching into the hundreds of millions.

So, how can financial institutions effectively navigate this landscape, fraught with criminal pressures, escalating regulatory scrutiny and technological constraints? The answer may lie in new AML tools, powered by emerging technologies that employ artificial intelligence and application program interfaces.

The latest whitepaper from CUES Supplier member CSI, "The Constant Battle to Prevent Money Laundering," explores this theory. It delves into emerging technologies that are reshaping the battle against money laundering, offering fresh insight on modern tools designed to combat this pervasive issue. This whitepaper also draws connections between intricate AML regulations and the relentless efforts of financial institutions to adhere to them.

Stay ahead of the curve in this ongoing battle against money laundering. Discover how the future of AML technology can equip you with the knowledge and tools needed to ensure your institution remains secure, compliant and efficient. Download the free whitepaper at *cumanagement.com/0823csi*.

The Four Pillars of an Effective Interest Rate *Risk Management Program*

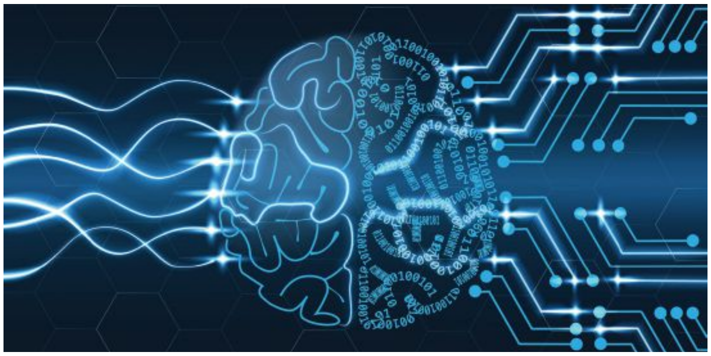
With market rates continuing to move and a renewed regulatory focus on interest rate risk, it's more important now than ever that institutions have a comprehensive IRR management process in place to identify, measure, monitor and control the impact that changing rates will have on both short-term earnings and longer-term capital. To be effective, an IRR management program should include a comprehensive corporate governance structure; relevant measurements and modeling; documented and supported institution-specific assumptions; and a thorough control process that includes independent review, validation and backtesting. Learn more in a free whitepaper from CUES Supplier member Plansmith available at *cumanagement.com/0823plansmith*.

Determining SERP *Retention Plan Levels*

In today's competitive landscape, credit union boards frequently face a pivotal question: What is the ideal Supplemental Executive Retirement Plan level for their CEO? This critical decision is motivated by the primary goal of retaining exceptional talent, specifically the CEO, to ensure the organization's stability and continual growth.

Prioritizing a comprehensive analysis of factors contributing to CEO retention has become paramount for credit unions striving to strike the perfect equilibrium between compensation, benefits and the long-term commitment of their top executives. Achieving this balance is crucial for attracting top-notch talent while remaining competitive with industry peers.

For those evaluating the optimal SERP level for a CEO, several key considerations come into play. A new whitepaper from CUES Supplier member The Sheeter Group dives into the crucial decisions to address during the determination process. It is a multi-faceted undertaking that demands a thorough evaluation of industry benchmarks, individual CEO preferences, strategic objectives and comprehensive benefits packages. By approaching these factors thoughtfully and transparently, credit union boards can position themselves to attract and retain top talent, thereby ensuring the institution's long-term success and stability. Download the free whitepaper at *cumanagement.com/0823sheetergroup*.



Improve Customer Experience With *Artificial Intelligence*

Today's customers expect instant access to information—whenever, wherever and through whatever channel they choose. To cost-effectively meet omnichannel expectations and enhance both employee and customer experiences, artificial intelligence and automation are essential.

Businesses are looking for machine agents that can execute complex processes 24/7; from handling customer interactions to completing transcription, sentiment analysis and translation tasks across a variety of communication channels.

This requires powerful AI capabilities, which are expensive to buy outright, complex to integrate and offer limited reporting. How can you deliver the advanced, round-the-clock automated services that your staff and customers desperately need, without the financial blow?

To delight every customer, you need a secret weapon. With contact center automation, you can be available to your customers anytime, over any channel, from anywhere with tools like:

- online chatbots that empower customers to self-serve;
- AI-backed routing that guides the customer to the best available outcome; and
- advanced natural language processing (NLP) for automatic-contact transcription.

The future of the contact center is automated. Future-proof your customer experience today.

Agent churn is the contact center's highest cost. Repetitive, simple tasks drain agent morale.

If you can automate everyday tasks, you can elevate the agent experience. Engaged agents deliver outstanding customer interactions. Automating the mundane frees your agents to focus only on the most complex interactions.

Automation can be created at the click of a button, allowing for instant and effortless scalability. Meet any level of demand with powerful contact center automation.

Empower your agents with automation and start delivering outstanding CX at scale.

Want to know more? Learn how CUESolutions provider Content Guru's Machine Agents can provide scalability and automation to improve your CX. Download the free whitepaper at *cumanagement.com/0923contentguru*.

We regularly post polls on our LinkedIn page. Here are some recent examples.

How does your credit union plan to engage with FedNow in the near term?

RECEIVE 14%
SEND AND RECEIVE 32%
WATCH AND DECIDE LATER 54%

Which of these trending courses from Harvard ManageMentor will you take next?

DELEGATING 15%
STRESS MANAGEMENT 20%
CAREER MANAGEMENT 20%
LEADING PEOPLE 45%

Harvard ManageMentor courses are a benefit of CUES membership. Learn more at *cues.org/hmm*.

What are your board's historically unmentionable topics?

Succession Planning
BOARD 9%
Succession Planning
CEO 9%
BOARD DIVERSITY 39%
TERM LIMITS 42%

Read a related article at *cumanagement.com/0923board*.

Building a Culture of *Success*

2023 OUTSTANDING CHIEF EXECUTIVE CARLA CICERO IS PASSIONATE ABOUT CREATING HIGH-PERFORMING TEAMS.

BY DIANE FRANKLIN

When Carla Cicero, CCE, was 22 years old, she set a goal to become a credit union CEO by the time she was 35. Achieving this goal might have seemed highly unlikely at the time. She had yet to earn a college degree and had only logged a few years working at credit unions. But just a decade later, not only did Cicero reach her goal—she achieved it three years ahead of schedule.

What she has done with the opportunity is more important than the timetable. Over the last three decades, Cicero, a CUES member, has proven herself to be one of the most capable, well-respected CEOs in the industry, making her an exceptionally worthy recipient of the 2023 CUES Outstanding Chief Executive award (*cues.org/awards*).

For the last 12 years, Cicero has served as president/CEO of $3.8 billion Numerica Credit Union (*numericacu.com*), headquartered in the Spokane Valley area of Washington. Prior to taking the helm at Numerica CU, she spent 19 years in the top spot at CitizensFirst Credit Union (now known as Verve, a Credit Union, *verveacu.com*) in Oshkosh, Wisconsin.

"My biggest accomplishment at both organizations was building a culture of people who are aligned with the core purpose or mission of the credit union," Cicero reports. "Creating a high-performing culture supported by high-performing teams is something I've always been passionate about."

The CUES award is the latest in a long list of honors that Cicero has received in recognition of her accomplishments. Among her many accolades, she also received YWCA Spokane's 2019 Women of Achievement Award (*tinyurl.com/ywca-spokane19*), she was named one of the 2022 Women of the Year by local newspaper *The Spokesman-Review*, and just last year, *American Banker* named her to its list of the 25 "Most Powerful Women in Credit Unions" (*tinyurl.com/ab2022cuwomen*).

ALIGNING PURPOSE WITH CULTURE

At Numerica CU, Cicero's focus on culture was instrumental in driving the organization's rapid growth. Since her arrival, the credit union has grown to nearly four times its 2011 asset size of $1 billion. Currently, the credit union serves 174,000 members with 21 branches throughout Washington state and northern Idaho.

The organization's culture aligns with its core purpose of enhancing lives, fulfilling dreams and building communities. All 670 employees keep that purpose uppermost in their minds as they go about their daily work. "We talk about it every single day," Cicero says. "It's part of who we are. It's an honor and privilege to be in an industry that can help people improve their lives

"My biggest accomplishment at both organizations was building a culture of people who are aligned with the core purpose or mission of the credit union."

– Carla Cicero, CCE

and achieve their dreams. Financial security is foundational to happy lives. If we're successful in helping people achieve it, we can build communities. As a CEO, I'm so gratified to see our employees have such a strong alignment of culture and purpose and doing everything they can to fulfill it."

Board Chair Wes Mortensen admires Cicero's ability to hire talented individuals devoted to living this mission. "She takes care of her team, listens to what they need and has made Numerica an award-winning Best Place to Work (*numericacu.com/news/best-places-work*)," reports Mortensen, a CUES member. "Since Carla came to Numerica as CEO in 2011, Numerica's team has doubled in size. And with her heart for serving the community, Numerica has given back more than $13 million to local causes."

Central to the organization's core purpose are five internal principles, which spell out the acronym CARES: Connect, Act, Resolve, Elevate and Strengthen. "Those are the principles that we measure each other by," Cicero says. "We celebrate by selecting CARES champions. Every year, we get over 1,200 nominations from our employees who witness other employees doing extraordinary things that are consistent with our CARES principles. From those nominations, we select quarterly and annual winners."

Recent CARES champions include an employee who supported a team member who was experiencing health issues; this champion brought meals to the family and created an internal communication chain to coordinate with other employees providing meals as well. Another CARES champion stopped to assist a cyclist who had been hit by a car; the cyclist was so grateful that they ended up becoming a member.

A CU BACKGROUND

Born and raised in Los Angeles, Cicero's ambition to excel in the credit union industry didn't appear out of thin air. Her parents were CU members, and when she was just 17, fresh out of high school, she took a job working at a small credit union affiliated with her mother's work. "It was a tiny, million-dollar-asset credit union called Superscope Employees' Credit Union and had a staff of just two people," she recalls.

By the time she was 22, Cicero was working at another credit union. "I thought, 'If I'm going to make a career for myself, this is a great industry to be in.'"

That's when she set her sights on reaching the top of the C-suite. She admits to being naïve about what that might entail, but she was fortunate to have mentors, including a long-time friend and her boss. "They talked to me a lot about what it takes and helped coach me to develop the leadership skills that I needed to be a CEO," she says.

At age 27, Cicero took a substantial step toward her goal when she was hired as VP of credit at Rockwell Federal Credit Union (now Financial Partners Credit Union, *fpcu.org*) in Downey, California. She told the CEO that she aspired to become a CEO herself. "I knew I needed to go to school and get a degree, and he was good enough to agree to pay for my education," she recalls.

By then, Cicero was the mother of two small children but was able to complete her degree by taking night classes—even though it meant fighting through L.A. traffic. She earned her bachelor's degree in business administration from the University of Phoenix in 1991, and by the end of the year, she accepted the top spot at $90 million Wisconsin Axle Credit Union in Oshkosh.

"We changed the name to CitizensFirst shortly after I arrived," Cicero says. "I was hired as CEO at the age of 32, three years ahead of my goal."

With her children now in school, Cicero was happy to leave behind the hustle and bustle of Los Angeles for small-town life. "I loved every minute of the experience of moving my children to Wisconsin," she recalls. "Being in a small community, we embraced that environment because it was such a great place to raise children."

Cicero led CitizensFirst CU during a time of expansive growth, with the credit union nearly quadrupling its asset size to $350 million in less than 20 years. "But I knew I would want to move on before I retired to see what I could do at a larger credit union with greater resources," she says.

In preparation for that next step, Cicero earned her MBA at the University of Wisconsin-Oshkosh. She intended to stay at CitizensFirst CU until her children and stepchildren were ready for college. When the financial crisis hit in 2008, she decided to stay longer until the economy stabilized so that she could leave CitizensFirst CU on firm footing. In 2011, she began her search and was delighted to be selected to lead Numerica Credit Union.

"The match has been very good," Cicero says. "I've enjoyed working among so many talented people, just as I did at CitizensFirst."

Board Chair Wes Mortensen (left), Carla Cicero, CCE, and City of Spokane Mayor Nadine Woodward (right) break ground on Numerica CU's new Five Mile branch.

The Numerica Credit Union team grants $10,000 to Michael Brown, owner of Spokane restaurant Fresh Soul, to further his mission of mentoring and essential job training for young people.

Carla Cicero, CCE, supports students by painting a school outside of Antigua, Guatemala, for a service project with the Coeur d'Alene Rotary in 2023.

A COLLABORATIVE APPROACH

The staff at Numerica CU has similarly positive things to say about Cicero. Chief Administration Officer Kelley Ferguson, CCE, a CUES member who has been with the credit union 25 years, recalls how Cicero worked on shifting the culture immediately. "When Carla came to Numerica, she brought a style of leadership that we needed as an organization," he says. "Her focus is on collaboration and compassion and leading in a way that lifts everybody up, allowing all voices in the room to be heard. She's done a great job driving the organization in the right direction and helping us do some amazing things."

Taking a collaborative approach has resulted in excellent results in the execution of the credit union's plans and strategies. "We have multifunctional, multilevel project teams, in which people work together to create the best outcomes," Cicero says. "These teams are led by our SVPs, who bring together all the people who need to have a voice at the table in moving a project forward."

Such collaboration has been instrumental to the success of several major initiatives, including development of a new mobile app, a digital banking platform, a new phone system, and new loan origination and member origination processes. The collaborative approach underscores a major principle that Cicero espouses about leadership—that no single individual can create a successful organization on their own.

"There are many people involved in the success of what we do," she says. "At Numerica, we believe in our people. All of our senior leaders—our HR department, our organizational development department, our culture team—are constantly looking out for what is best for our team members. We develop them to be the best they can be, professionally and personally. We have high expectations for their achievement and the great things we can accomplish together. I watch the people at Numerica do phenomenal things that are bigger and better than anything I could have ever imagined."

Cicero has further fostered a sense of collaboration by being fully transparent with her team, even sharing some personal facts about herself. "I believe in being authentic about who I am," she says. "So, I talk to people about my past. I talk about the fact that I've learned that I'm dyslexic and that has created a struggle in my entire working career. But now I have a name for it and understand it. Because I'm transparent, it encourages others to be transparent as well."

Ferguson regards transparency as one of Cicero's great leadership qualities. "She does a great job of connecting with people," he observes. "She is unique in how she makes herself accessible to the whole organization: having coffee with new employees, doing town halls and fireside chats, and really being there for others—and not just herself but also ensuring that her C-team is there and available to talk to the organization too."

In addition to personal transparency, Cicero believes it's important to have transparency for the organization as whole. "Any employee can go online and see how we're doing on our metrics, what our projects are and who's involved," she says. "We want people to have this knowledge because there's power in that."

CHALLENGES AS A CEO

Cicero concedes that unpredictable events, including financial crises, economic ups and downs, and even a global pandemic, have made being a CEO challenging these last few decades. However, her leadership skills include the ability to expect the unexpected and prepare accordingly.

"I think you have to be nimble, and you have to plan ahead," Cicero says. "COVID was an interesting example of some of the work that we've done. Probably six years ago, the leadership team took on a project of identifying major threats—locally, nationally and internationally. ... We dug deeply into threats that had the highest potential and impact, developing plans to deal with them."

"One thing that amazes me about Carla is her absolute commitment to giving back to our community. … I continue to marvel at the way she leads Numerica in this effort and inspires all of us to give more of ourselves than we otherwise may be inclined."

– Wes Mortensen

The team identified seven or eight of these high-impact events, one of which was a scenario for a fictitious pandemic called "the dog flu." A few years later, the very real COVID-19 crisis hit, mirroring the circumstances of the fictional "dog flu" closely. As result, the organization was well prepared to put its pandemic plan into action, including rapidly transitioning to a work-from-home environment for employees and seamlessly shifting staff as needed to keep its branches open. Additionally, the credit union had implemented a video-based communication system a couple of years prior, which made it easy for members to interact with CU staff from the comfort of their homes.

"One of the strengths of our organization is that we're always looking out into the environment to figure out what's happening and how it could impact us," Cicero says. "COVID is a great example of planning for what could possibly happen and having an organization nimble enough to respond."

A COMMITMENT TO SERVE

During her years as president/CEO, Cicero has racked up a long list of community and industry involvement. Among her industry activities, she served on the board of directors for the World Council of Credit Unions (*woccu.org*) for six years. For her work with CUES, she was inducted in the CUES Hall of Fame. Locally, she is chair of the Greater Spokane Inc. Board of Trustees (*greaterspokane.org*) and serves on the boards of several other organizations, including Rosauers Supermarkets, the Association of Washington Businesses and the Coeur d'Alene Economic Development Corp (*cdaedc.org*).

"I view community involvement as part of my role in being a good corporate citizen," Cicero says. "Our leaders need to invest in our communities with their time, talent and treasure, and at Numerica, we do all three. In addition to the millions we have given to local causes in the last 12 years, we have given thousands and thousands of hours of volunteer time from our employees. We pay our employees eight hours to volunteer in the community, and many of them go beyond that. It's all part of our culture of giving and serving."

Mortensen affirms that Cicero's community involvement has been exceptional. "One thing that amazes me about Carla is her absolute commitment to giving back to our community," he says. "This was one of the qualities that impressed our hiring committee at the time she was being interviewed, and Carla has made good on that early commitment. … I continue to marvel at the way she leads Numerica in this effort and inspires all of us to give more of ourselves than we otherwise may be inclined."

On a personal note, Cicero is devoted to her family, which includes her husband, two daughters, two sons-in-law, three grandchildren, a stepdaughter and a stepfamily from a previous marriage. "Family is central to who I am," Cicero says. "My husband, Mike, and I love spending time with our family and with our dogs too. We love to travel, we love to hike, we love to sail. We enjoy cross-country skiing and biking, and then when at home, I like to knit."

Looking back at her decision to carve a career in the credit union industry, Cicero is pleased that she never deviated from her goal—even when other sectors of the financial services community came calling. While in Oshkosh, she had the opportunity to interview for a bank president position, but she turned it down without hesitation. She could not renege on her commitment to the credit union movement.

"I'm happy to be in an industry in which we think about our members first and then figure out how to make a profit from doing that," she says. "That's so important to who I am. I firmly believe it's important to be focused on something bigger than yourself, as an individual and as an organization, and then having a culture that supports it."

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

MORE CUES AWARD WINNERS

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Taking a Leadership Role in DEI (*cumanagement.com/0223deicatalyst*)

A Commitment to Credit Unions (*cumanagement.com/0223commitment*)

Leveraging Data to Promote Positive Change (*cumanagement.com/0123data*)

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CUES Awards (*cues.org/awards*)

Keeping an Eye on *the Long Game of Retirement Savings*

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THE 2023 MARKET HIGHLIGHTS INCLUDE SEVERAL BRIGHT SPOTS.

BY CUNA MUTUAL GROUP/TRUSTAGE™

Although this year's economic climate may best be described as tumultuous, the skies are not all cloudy. A few market trends are actually cause for optimism—particularly among CU executives wary of seeing their investment accounts lose money, according to Cuna Mutual Group/TruStage Chief Market Strategist Scott D. Knapp.

Knapp believes 2023 is proof of the difficulty of forecasting. "Nearly every major data point has defied expectations," he says, pointing to an overly pessimistic starting point as a common thread among the misses.

Knapp calls out several positive surprises. For starters, a recession has not occurred, and the labor market has not broken down.

Second, corporate profits have held up. Through August, stock indexes produced far-above-trend returns.

Third, Knapp says, although investment-grade bonds continue to languish, "The worst of the bond market carnage appears to be behind us."

Lastly, the U.S. has battled inflation well. "Disinflationary forces have been in the driver's seat, creating a more positive environment for markets," he observes.

Credit union executives who are keeping an eye on their investment accounts may want to consider the following as the financial services industry heads into 2024.

BATTLING INFLATION

While trends are looking good, it's important not to declare victory too early. Knapp warns that doing so sets the stage for disappointment.

BE VIGILANT AGAINST RISK IN THE FINANCIAL SYSTEM

Bank failures in 2023 were contained to a few institutions with unusual business models. However, rapidly rising interest rates often create stress in the financial system. "More storms could emerge out of the calm," Knapp says.

THE GLOBAL IMPACT OF THE U.S. DEFICIT

The long-term health of the global economy faces serious risks due to the current U.S. deficit, which Knapp characterizes as "enormous by historical standards." Fitch Ratings (*fitchratings.com*) downgraded the U.S. sovereign credit this year for the second time ever. "Interest cost on accumulated debt will skyrocket as a result," Knapp notes, "making it difficult for institutions to meet their obligations."

RESILIENT MARKETS

History suggests the most likely outcome of the fight against inflation is a recession. The U.S. Treasury yield curve is inverted, and leading economic indicators continue to point lower. Yet, Knapp underscores, 2023's highly unusual resilience in the economy suggests these indicators may reflect complex post-pandemic twists and turns.

"That kind of distortion can be very difficult to get your arms around," Knapp says. "Retirement savings investors mustn't let temporary market slumps get them down. The long-game mindset is the surest way to weather the storms that come with trying economic times."

Cuna Mutual Group (trustage.com) *is a CUESolutions provider for executive benefits.*

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Tech *in ’24*

WHAT’S NEW, WHAT’S HYPE, WHAT’S READY AND WHAT PAYS

BY RICHARD H. GAMBLE

Technology breakthroughs have consequences. Mobile banking and digital transformations have been huge for credit unions. What should CUs expect in 2024? Which moves will be necessary or rewarding? Which will be distractions—even damaging? Nobody’s certain, but there’s no shortage of informed anticipation.

“There will be a meteoric rise in new technology-based services in 2024,” predicts financial services consultant Richard Crone, head of Crone Consulting (*croneconsulting.com*), San Carlos, California.

Here’s a different take: There’s nothing massive coming in CU technology in 2024, according to tech consultant Sabeh Samaha, president/CEO of Samaha & Associates (*ssamaha.com*), a CUES Supplier member based in Miami and Los Angeles.

“Stay the course. Ignore the hype,” he advises. “Every CU needs a three- to five-year revolving tech plan with budgets set and projects on the books, under constant review. Priorities should have been set, money already allocated. This is not the time to be crafting a plan for 2024. It’s the time to refine it.”

Even if tech offers opportunities in 2024, some CUs will have higher priorities. Technology will be pushed to a back burner next year as many CU executives focus on rising rates and imperiled liquidity, predicts Scott Prior, president/CEO of $40 million Connection Credit Union (*connectioncu.org*), Silverdale, Washington. “That will dominate many agendas. Shops will put tech projects on hold while they try to shore up their balance sheets.”

CU leaders are preparing for a possible recession, Samaha agrees. This is not the time to make unnecessary big bets, he says.

But can CUs afford to wait on artificial intelligence in light of its groundbreaking advances? “I’ve seen a lot of fads,” shrugs CUES member J.T. Gaietto. “Every tech breakthrough has its hype cycle.”

Gaietto wears two hats. He’s a professional tech advisor as the chief security officer of Digital Silence Ltd. (*digitalsilence.com*), Denver, and a board member of $2 billion Westerra Credit Union (*westerracu.com*), also in Denver.

“It’s best to be a fast follower,” adds Gaietto, “and not get wrapped up in the next shiny object until it proves its value. We’re watching AI but want to see where it will go before making commitments.”

AI: THE SIREN SONG

If not in 2024, AI will still be the transformational technology CUs need to embrace eventually. There’s no doubt it’s a game-changer, Crone explains, with potential applications ranging from automating and enhancing member services and employee support to developing personalized marketing, custom financial plans and literacy campaigns. It can also aid in fraud detection by analyzing behavioral patterns.

And that could be an understatement. AI is *the* big deal, not just for financial services but for human society, insists futurist Peter Scott, author, lecturer and co-founder of Next Wave Institute (*nextwaveinstitute.org*), Victoria, British Columbia. "We're at a pivotal moment," he says. "We can automate thinking, which is unprecedented." As a futurist, Scott is thinking beyond 2024.

"You get polar opposite visions of the future from highly educated futurists," Scott notes. "It depends on how we will use it, and that nobody knows."

What's clear is that "cataracts of cash are flowing into generative AI development now," Scott reports, and that means that the time when AI can often be an effective proxy for human intelligence "will come sooner rather than later.

"It will be a bloodbath for content producers," he predicts. "Their economic value will quickly trend toward zero." But it also will be an opportunity for those who can still outperform AI, he adds.

It will be possible, Scott thinks, for AI to fill the role of a personal financial manager. "I could tell the program in broad strokes how I want my finances managed," he says, "and trust my digital assistant to do it in detail. That's scary now, but I've heard that it's being tried. If it works, trust will come gradually."

CU members, he speculates, could program their proxies to automatically pay bills two days before due dates, fund accounts as needed, invest surpluses as directed, apply a liquidity ladder, charge a transaction to the card that offers the greatest reward, maybe even see income tax estimates as the year evolves.

AI: THE REALITIES

For years, the conversation has been about AI's potential. In 2023, it shifted to use cases, spectacularly, as ChatGPT (*chat.openai.com*) produced actual term papers, sermons, editorials and legal filings.

For CUs, AI is "on the cusp," says Vanessa Stock, VP/product management and strategy for CU solutions at Fiserv (*fiserv.com*), Brookfield, Wisconsin. There will be use cases that CUs will explore, but transforming operations with AI is still "a ways out."

As a starter, ChatGPT in 2024 can give CU members an interface where they can ask questions and get answers in what feels like a natural conversation, notes CUES member Tracy Ingram, chief digital and infrastructure officer of $2.7 billion Achieva Credit Union (*achievacu.com*), Dunedin, Florida. It will also prove useful for internal staff communication.

Making it work well will take talent. The surge in interest in ChatGPT has created a need for each curious CU to have a specialist on staff.

"It's not that easy to get generative AI to work," notes CUES member Chris Otey, EVP/chief revenue officer of CU 2.0 (*cu-2.com*) Ashland, Oregon, and chair of $151 million South Bay Credit Union (*southbaycu.com*), Redondo Beach, California. "Every CU has someone on staff who is raising their hand and volunteering to take on that job of becoming the ChatGPT leader. We call them 'prompt engineers.'" It will be a skill that is in high demand in 2024 and will become a recognized job title, he predicts.

There's a lot of talk about how to use AI, notes Tony Hildesheim, EVP/COO of $8.5 billion Redwood Credit Union (*redwoodcu.org*), Santa Rosa, California. "We're implementing some of it. The challenge is how to effectively leverage it and govern it."

AI *Cherry-Picking*

A couple of tech entrepreneurs in the credit union space saw an opportunity to introduce a focused product called CU Copilot (*cucopilot.com*) in April 2023. It's an early-stage start-up that leverages large language models and generative AI. For starters, it will help member service reps talk more efficiently with members who have questions.

CU Copilot is a joint venture between CU 2.0 and Senso.ai, and it's exploratory, not mainstream, at this point.

"We circulated the concept among a couple hundred CUs that we know to be progressive," reports Chris Otey, EVP/chief revenue officer of CU 2.0 (*cu-2.com*) Ashland, Oregon. "We started working with those that raised their hands."

Some 40 volunteered for the discovery stage, and six have recently started testing the product in production, Otey reports. "A few are up and running. We have positive testimonials.

"We're not looking for the fast followers," he explains. "We want CUs that are ready to move now."

Because the application doesn't depend on integration with CU vendors, CUs are free to jump in, he points out. More information is available at *cu-2.com/consortium*.

"We started with the biggest headache," notes Saroop Bharwani, a founder and chief engineer of Senso.ai, Toronto, Canada. (*senso.ai*). That was the problem member service reps had in retrieving information from their knowledge base quickly to answer member questions.

"Too often they had to research a question and put the member on hold or call them back," he explains. Now that information can be retrieved quickly, even for MSRs who are not very experienced.

The MSR gets quick answers, but the product users are really the back-office administrators who are the curators of the CU knowledge base. The product needs to be integrated with the credit unions' internal knowledge base, which requires two to three weeks of set-up time to import files, but it doesn't need to integrate with core systems and other external vendors, Otey explains.

Currently, users key words into a chat interface, but voice exchanges will be available soon, Otey says.

Subscribers, based on staff size, pay an annual fee in advance, which the vendors hope will be renewed. The vendors envision their clients as "a consortium" that develops and shares knowledge. "Collectively, we'll discover and share best practices," Otey predicts. The first virtual user group meeting was held in July, with six participants.

The idea of using AI to rate members, a bit like a super credit score, is getting some play at the CU. "We're looking at using generative AI," Hildesheim says, "to create a member rating that will determine their limits on things like ATM transactions, holds and transfers, based on data that reflect their situations and behaviors."

A super credit score is based on a great deal of data and a flexible, responsive scoring algorithm that corrects itself as it learns, Scott envisions.

Indeed, ready-to-use AI-based credit scoring tools are popping up in the market, Prior reports. Connection CU is using one of them offered by Zest.ai (*zest.ai*).

"It's being sold as a way to increase loan approvals based on a credit score that uses more data points than traditional credit scoring models," he observes. "We have two loan officers who already go deeper, but AI might be able to replicate some of what they do at lower cost. We're looking into that."

Judging creditworthiness still depends on human intelligence to assess character and pick up nuances, futurist Scott points out. "We'd rather have a person make the final decision, but AI is starting to take a greater role in credit decisions."

THE 'EXPLAINABILITY' CHALLENGE

The challenge for using AI in lending decisions is explainability, Scott concludes. "People—regulators—expect reasons, and AI is trained to make decisions without giving reasons. That will have to change if AI is to make ultimate credit decisions."

There are other areas, with less regulatory impact, where CUs can make use of AI. $9.8 billion Ent Credit Union (*ent.com*), Colorado Springs, is investigating Microsoft's Github Copilot for 2024 to increase developer productivity, according to CUES member Curt Marjaniemi, VP/IT digital product and development. Github Copilot is a generative AI service for developers.

Marjaniemi likes what he's seeing and hearing so far. "It promises to be a great booster of productivity and job satisfaction," he notes. "It can eliminate a lot of the tedious, time-consuming toil out of software development. For example, it can write your unit tests [used for testing small bits of code during development] for you, help aid in debugging and provide code snippets that you can use.

"It's not member-facing and [is] relatively easy to use," he adds. "It doesn't require integration, so a CU can move on its own, without interfacing with other systems."

Training is another area of CU operations that could be affected next year by technology, especially generative AI, says Sandeep Balan, a managing director in the technology advisory practice of CUESolutions provider Cornerstone Advisors (*crnrstone.com*), Scottsdale, Arizona. "In the meta world, there could be avatar trainers, integrating humans and ChatGPT, to provide flexible, individualized learning that's available any time and allows learners to move ahead at their own pace and get specific answers to their questions," he envisions.

Training will benefit from 2024 tech, Ingram agrees. "We won't need to train for some of the basic things that people won't do anymore," she explains. "It will shift training from basics to more specialized activities. Products like CU Copilot (*cucopilot.com*), which we're investigating, could help me do my job faster and better." (Also see sidebar, "AI Cherry-Picking," on the previous page.)

Gaietto notes that tech advances are often a team effort involving vendors and contracts.

CU tech strategies will have to align with vendor strategies, Balan agrees. "Core processors and CUSOs are under pressure to enhance their products or integrate with other partners," he points out, "so that they supply CUs with the right product capabilities. It will be important in 2024 for CUs to be on the right platform to achieve the benefits of productized functionalities and integrations."

OTHER TECH TO FOLLOW

AI may generate the loudest buzz, but other financial services technologies are percolating. 2024 could also be a breakthrough year for digital wallets, Crone suggests.

"Credit union-branded digital wallets could gain relevance with the

A Big *Upgrade*

The technology that $9.8 billion Ent Credit Union (*ent.com*), Colorado Springs, will focus on in 2024 doesn't require a quick pivot. It's a rollout of a carefully crafted, scheduled, ambitious move to upgrade its mobile and online banking offering, reports CUES member Curt Marjaniemi, VP/IT digital product and development.

Ent CU plans to move in orchestrated steps to implement the Backbase platform, replacing its current online banking system. The migration is scheduled to start in December and wrap up sometime next year, Marjaniemi says.

"We're counting on 2024 being the year of a new digital platform that will enrich the member experience, reduce friction points and introduce new features," Marjaniemi explains. "Backbase will have a better overall experience for members and can scale to meet the demands of our growing membership."

Backbase is a 20-year-old Amsterdam-based financial software company that has a clientele of large banks and select CUs, according to its website (*backbase.com*).

For Ent CU, Backbase is the happy medium between turning a key channel over to a vendor, as many CUs do with mobile and online banking, or building and maintaining a system in-house.

The Backbase system is a "powerful platform hosted and maintained by the vendor with many features out of the box, but Ent can add our own features or partner with other CUs to add features" to meet our specific membership needs, Marjaniemi notes. "It's our sweet spot: buying an existing, state-of-the-art platform, but still being able to customize it where required."

"We'd rather have a person make the final decision, but AI is starting to take a greater role in credit decisions."

— Peter Scott

promotional launches of Visa+ (*tinyurl.com/visaplus*), Mastercard's Click-to-Pay (*tinyurl.com/mcclick2pay*), Paze (*paze.com*) by Early Warning Services (*earlywarning.com*) and MasterCard's Multi-Token Network (*tinyurl.com/mcmtnetwork*).

"These plug-ins to digital banking apps offer convenience," Crone explains, "increased security, and the potential for integrating additional financial services within credit union-branded digital banking apps."

ATM-as-a-service will gain popularity in 2024, Crone expects, addressing outdated ATM infrastructure, with average machines at CUs having been in service over 16 years. ATM-as-a-service includes everything required to run the ATM channel, delivered by one partner for a single monthly fee, with a contracted business outcome.

"Inspired by Diebold's bankruptcy," he says, "this model provides cost savings and enhanced member services, while shifting deployment, maintenance and network management to the service provider."

2024 also will be the year of real-time payments consolidation, Marjaniemi predicts. "We'll likely see a shift to seamless payments, less linked to platforms like Zelle (*zellepay.com*) and Venmo (*venmo.com*) and their setup requirements. FedNow (*explore.fednow.org*) is likely to be the more widely adopted platform."

The 2023 launch of FedNow will have repercussions in 2024, agrees Samaha, an early member of the Federal Reserve Faster Payments Task Force. "Fraud detection and management will be interesting, as will back-office management."

Technology in 2024 probably will have to respond to new cybersecurity rules that will come down from the regulators, Hildesheim foresees.

The biggest advances in 2024 are likely to be making more data more available and actionable, Stock suggests. "Services around data analytics will continue to be a top priority," she observes.

STRATEGIES

Though it's open season for AI tools like ChatGPT, 2024 may be the year CUs place small, carefully chosen, tactical bets on tech. CUs will be looking to position themselves on a tech wave that's sweeping across all industries, Ingram explains, sometimes using tools crafted by CUs or their vendors for very specific CU tasks and sometimes adopting generic tools they can build out, she reports.

"We have a digital transformation strategy at Westerra that's long-term," Gaietto reports. But that CU has abandoned five-year or three-year strategic plans for a rolling six-quarter (18-month) plan to try to keep up with rapid changes.

"We're in a very fluid, dynamic, inflationary environment," Gaietto says, "so we have to test the market constantly. We have to be ready to pivot quickly. It's important to stay focused and not start too many initiatives."

CUs need to have and follow a strategic plan for technology in 2024, Hildesheim agrees, but they also need to be able to react tactically to unplanned challenges and opportunities.

"We always retain the ability to be smarter tomorrow," he says, "to pivot when we discover opportunities." Redwood CU investigated offering a digital coin vault. "We didn't do it, but we were ready to if the time was right."

In preparation for 2024, Redwood CU has adopted an app-centric model instead of a product-centric or account-centric model, Hildesheim reports. Instead of having members join and then download the CU's app, the organization is programming its system to start them with the download of the mobile app and then do the onboarding.

"Our goal is that everything flows from the app, so all accounts and channels come together there," he says. "Members never have to leave the app to conduct any business with the CU."

The app also creates a secure link to the member, he adds. "We can authenticate a member by the app. We don't need to use a one-time passcode."

Members understand. Eighty-five percent of Redwood's members use the app, and 93% use a digital channel of some sort, Hildesheim reports.

Cost is always critical. Scale is the challenge for small CUs, and collaboration is the answer to technological relevance, Prior says. He trying to organize about 40 CUs in Washington state under $300 million in assets into an effective market force.

Up to 20 participate in weekly calls. "We're looking to leverage our collective size to get better prices," he explains. "We may end up forming a CUSO. Too many cores are still DOS-based. We need to fight together for something better."

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

MORE ON TECHNOLOGY

Video: What Is the Role of the Board During a Technology Market Search Project? (*cumanagement.com/video081423*)

Putting Intel Behind AI Decisions (*cumanagement.com/0823intelbehindai*)

How Credit Unions Can Leverage AI to Compete in an Uncertain Economy (*cumanagement.com/0723techtime*)

Podcast: The Value of a 'Can-Do' Mindset for HELOCs and Fintech (*cumanagement.com/podcast147*)

Gen Z Should Be the *Credit Union Generation*

HOW CAN WE LEARN FROM OUR MISTAKES WITH MILLENNIALS?

BY SAM PLESTER

Cast your mind back to not too long ago, when every credit union marketing campaign, research program and member segmentation initiative seemed to be built with the millennial in mind.

A seemingly endless slew of wily youngsters was entering the workforce, and CUs were primed to capitalize on the opportunity … or so we thought.

The reality was that millennials matured when fintech disruption was burgeoning, driving traditional banks to invest heavily in digital services. Some credit unions—certainly the highly capitalized—kept pace, but most of the system is (or at least was) traditionally cautious about innovation. The market demanded convenience, CUs prioritized service, and the flashy apps and digital shopfronts won out.

"You know, there's a saying: Man plans, and God laughs," said David Metz, CEO of Prizeout (*prizeout.com*). "One of the great things about credit unions is they don't typically engage in anything risky; they don't have investment banking. People value that sense of security, but there are also downsides.

"Credit unions are realizing now that digital services are not a nice-to-have but a have-to-have. We're seeing a much more aggressive approach to tech investments and partnering with fintech, … and it's putting the entire credit union ecosystem into a more competitive space."

A MISSED OPPORTUNITY

In all, the opportunity to capitalize on millennials—and truly position the credit union system as their primary partner for a lifelong—may go down as a missed one.

An early 2022 GOBankingRates study (*tinyurl.com/gbrstudy2022*) shows only 14% of millennials are members of a CU. A June 2023 PYMNTS study (*tinyurl.com/pymnts2023study*) finds that just 5% of millennials are credit union members.

Of course, there's still significant opportunity. Even the oldest millennial is barely into their 40s, but credit unions do need to learn from past mistakes, and quickly.

AN ECONOMIC ENGINE WITH IDEALS

While the millennial marketing manuals have barely begun to gather dust, Gen Z will in fact

"Credit unions have an opportunity to become a trusted partner throughout this young generation's entire financial journey by meeting them where they are: on their phones."

— Norm Patrick

make up more than a quarter of the workforce within the next 18 months (*tinyurl.com/eygenztalent*)—commanding an impressive $360 billion in purchasing power when they do (*tinyurl.com/bloomgenz*). However, they're also inclined to wield that utility for good.

This generation's global perspectives have been shaped by catastrophe—climate crises, political upheaval, social justice movements, the COVID-19 pandemic. This is a cohort that has demanded a better, more equitable future for everyone. This *has* to be the Credit Union Generation.

CUs have traditionally focused and marketed themselves on community connectivity, on giving back and the "people helping people" philosophy. But this isn't a winning formula in and of itself. The efforts to woo millennials proved that.

Certainly from a consumer perspective, value isn't derived from simply being present or visible in a community. And for a socially progressive generation driven by caring to the point of "idealism" (*tinyurl.com/mckgenz*), value—and therefore brand affinity and loyalty—can be earned by providing tangible, measurable impact within a community. With ongoing digital investments, the ability to communicate that impact is becoming increasingly affordable.

MARKETING AND AI

Marketing has long been a challenge for CUs. There isn't a CU event in history where someone didn't utter those infamous words: "We need to do a better job of telling our story." And the gizmos and widgets that so enticed millennials to big banks and fintechs were effective not exclusively through their function, but also their form: They were new, shiny and therefore marketable.

Bigger banks (and now companies like Apple) have marketing coffers that far outweigh those of the vast majority of CUs and were quick to position their digital services as a marketable commodity. But according to Ted Coy, director of innovation at $1.8 billion Alabama Credit Union (*alabamacu.com*), Tuscaloosa, what set some credit unions back less than a decade ago may now be leveling the marketing playing field: the smartphone.

"The most immediate, powerful and cost-effective marketing channel to reach Gen Z is in their pocket, constantly," says Coy. "And as credit unions invest more heavily in digitization, their institutional knowledge, appetite and willingness to pursue innovation only grows. With a more robust technological infrastructure in place, AI now has the potential to be a great equalizer for credit unions."

Coy points to Valiify (*valiify.com*)—a member attribution platform that leverages artificial intelligence to streamline decisioning, enhance marketing efficacy and build stickier relationships.

"What's exciting about Valiify is that it's really developed for the smaller credit union," he says. "This is about sustaining and strengthening the credit union system, and that doesn't happen if the smaller organizations are left behind. AI can democratize marketing power. Of course, it has its limits, but just two years ago, delivering automated, algorithmic marketing to bring in new members and deposits would have been unthinkable for the vast majority of credit unions."

Like Coy, Norm Patrick, vice president of Advisors Plus (*advisorsplus.com*), a subsidiary of CUESolutions provider PSCU (*pscu.com*), St. Petersburg, Florida, believes CUs are starting to make the investments needed to compete, but still have more to do.

"Credit unions have an opportunity to become a trusted partner throughout this young generation's entire financial journey by meeting them where they are: on their phones. These digital natives use their phones for banking, transacting, shopping. Technology is key to meeting their expectations."

Patrick cites joint research from PSCU and PYMNTS.com (*tinyurl.com/finlittech*) showing that among CU early launchers, or "companies at the forefront of technological innovation," 83% are investing in mobile banking—up nearly 10% from 2021.

"Gen Zers are concerned about how the economy will affect them," says Patrick, "and they need credible financial education and advice. Credit unions can ease these financial woes."

MONEY MATTERS

There's a good reason Gen Zers are concerned about the economy: They saw their parents struggle through the Great Recession. This is a financially conscious generation. Their focus on debt is so acute that student loans were core to the Democratic political platform during the midterm elections, and it remains high on the incumbent president's manifesto in addition to "junk fees" that include overdraft charges.

Put simply: Loans may not be the lure for a debt-adverse generation. Credit unions will have to innovate—and once again, that brings us back to technical partners.

"At the end of the day, bells and whistles are nice, but your No. 1 priority is that your money is safe and secure," says Metz. "Credit unions have that reputation. We're helping them build on that."

Prizeout integrates with a CU's mobile banking and online core, living as a button on its checking page. It connects a nationwide network of merchants—from big box stores to local businesses—to consumers where they are and provides additional value to the often-overlooked staple debit card.

"After 2008 ... what happened was debit card users got impacted and rewards were removed," says Metz. Doing so created a two-class system: "the credit card users who get everything and the debit card users who get nothing. A lot of credit union business is debit spend, and Gen Z, more than any other generation, are sweating the small benefits. We can bring those benefits back."

"We need to make sure that Black and Brown Gen Zers are not just represented but are influential within the system, because they are literally the voice of tomorrow's membership."

— Renée Sattiewhite

MORE ON GEN Z

Creating Loyalty With Members of All Generations (*cumanagement.com/0823genloyalty*)

Bridge the Generational Gap With Psychological Safety (*cumanagement.com/0723hranswers*)

Mortgage Lending for the New Generation (*cumanagement.com/0723mortgagegen*)

Prizeout allows members to buy digital gift cards from merchants from within their CU's online banking or app. Participating merchants make these digital gift cards special, giving, for example, $120 of value for $100.

Metz adds: "The member is getting an additional $20 of value for doing what they would have done anyway—using their phone. It's giving them more disposable currency, it's giving a merchant a sale, and it's building brand loyalty for the credit union."

DON'T OVERLOOK EDUCATION

Despite being connected to any information they could desire, the average Gen Zer is not yet financially literate (*tinyurl.com/forbesfinlitgenz*)—although, perhaps as a symptom of their natural financial concern, they do seem cognizant of that knowledge gap. There's really no time to lose for CUs to inform and proactively guide Gen Z members through their financial journeys.

"A Cambridge study (*tinyurl.com/4m9pmaxk*) … found money habits are set by age seven," says Nicolle Hood, co-founder of financial education platform My First Nest Egg (*myfirstnestegg.com*).

"Kids as young as 3 are either a saver or a spender," she says. "And if you aren't helping them develop healthy money habits early, you're going to be breaking bad habits later."

According to Hood, CUs are taking notice of the need for earlier, primarily digital, interventions.

"I've been blown away by several forward-thinking credit union CEOs that I've met," she says. "They're … challenging the way that they've thought about financial education and youth programming. I believe in the next couple of years, it will be the norm for thriving credit unions to have embraced digital financial education programming for Gen Alpha who follow Gen Z."

THE DIVERSE GENERATION

Technology, marketing, perks and education will mean nothing if CUs fail to acknowledge, understand and embrace what is perhaps the most defining aspect of Gen Z: Beyond digital nativism, this is the most multiculturally diverse generation in the country's modern history.

For 2010 to 2020, the U.S. Census Bureau (*census.gov*) reports multiracial population growth of 276%. Latinos are the fastest-growing racial demographic in the U.S. Put simply, CUs cannot thrive alongside Gen Z if they are not representative of it.

"The credit union system is becoming less homogeneous, but there's a long way to go until we are, as a movement, more representative of today's membership," says Renée Sattiewhite, president/CEO of the African-American Credit Union Coalition (*aacuc.org*).

"A person's race, culture and ethnicity can define certain financial expectations and behaviors, so as the nation becomes more multicultural, we have to respond to those changes," she adds. "Better yet, we need to proactively position ourselves for growth. I know as a boomer, for example, that my organization and the credit unions we partner with need to bring that generational knowledge in-house. We need to make sure that Black and Brown Gen Zers are not just represented but are influential within the system because they are literally the voice of tomorrow's membership."

CAN'T AFFORD TO LOSE

This is a pivotal moment for CUs. The average age of a member remains in the upper 40s, while the U.S. Census puts the average age of a Hispanic American at just 30. The most recent two generational cohorts in the workforce have a combined CU membership penetration of less than 2.8% but a combined purchasing power of over $3 trillion.

Gen Z has been defined by social justice, by demanding a fairer, more equitable society by avoiding burdensome debt, seeking out financial education and being skeptical of traditional banks. These are principles shared with every founding member of a CU in this nation, In all, Gen Z may yet be the key to our system's future success.

Sam Plester *is the founder/CEO of Mission Brands Consulting* (missionbrandsconsulting.com)*, a brand and marketing partner for credit unions and other mission-driven organizations.*

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What does talent development look like in 2024?
Organizations that can find and develop employees with next-level skills, enact coordinated action and celebrate the ability to champion change will always be favored. To do this, organizations must continually assess how their talent needs to develop and perform over the next couple of years, not just the next 12 months.

How does talent fit for CUs seeking to use technology to create efficiencies?
Upgrading technology stacks and fintech partnerships can accelerate change and increase efficiencies. However, we see time and time again that a great tool implemented by uninformed or uncoordinated talent produces marginally better results.

Investing in infrastructure without an upskilling of teams is an opportunity cost. Executives and boards should ask: How will we ensure our talent is ready to capitalize on tomorrow's opportunities and respond to challenges?

What are best practices for developing midlevel leaders?
Before developing your midlevel talent to become more strategic, your executive team members, including the CEO, need to embody what it means to be a continual learner and create development plans that frame their growth potential, development edges and plans of action to achieve clear and measurable goals. Only then does talent development become interwoven into the culture. Midlevel talent more readily embraces growth opportunities when they see their bosses continuing to learn and grow beyond surface-level changes. The board is not immune to talent development needs either.

How should we approach board development?
Board succession planning entails not only determining who will be the next chair but also closing any gaps in the skills and experience needed to oversee the CU's future strategies. Our clients often say something like, "Board succession is the most strategic conversation we've been in recently. It impacts all aspects of our business, and we must get it right."

Exploring, Reexamining, *Changing*

TruStage™

DEI: AN IMPORTANT COMPETITIVE EDGE AND A VITAL TOOL FOR GROWTH.

BY OPAL TOMASHEVSKA

Inclusivity is essential for organizational success, yet many companies struggle to incorporate diversity, equity and inclusion policies, processes and procedures into their business strategies and operations, particularly since frank, sometimes challenging, conversations are required. However, these kinds of discussions offer credit unions the chance to significantly improve how they serve their members.

Our own journey started in 2014, when CEO Robert Trunzo made inclusion one of our corporate values. This top-down support, along with other DEI objectives, inspired TruStage's efforts to become more culturally inclusive to our customers. We realized before we could accomplish this we had to start internally, so in 2015 we began looking at what we needed to change, doing so through a cultural lens.

An actionable opportunity arose in 2017, involving the beneficiaries listed on our life insurance products. That year we sent a team to our Waverly, Iowa, location to connect with our call center staff and share some cultural insights with them, while also learning from these employees who interact daily with our customers.

SMALL CHANGE, BIG RESULT

One insight we shared was the different definitions of family, especially for African Americans. In particular, when it comes to financial responsibility, it's not just about the nuclear family of self, spouse and children. Instead, it extends to parents, grown siblings and even non-blood relatives like godchildren, godbrothers and godsisters.

This resonated with call center employees, who told us they were getting a lot of inquiries from people checking about the beneficiaries listed on their life insurance forms, which had just two lines for this purpose. People could and did write in more and we would enter those into our records, but the Welcome Letter they received was tied to an automatic form, so it listed only the first two. This resulted in significant numbers of follow-up calls from customers concerned not all their beneficiaries were recorded.

We realized these forms were built on the idea of a nuclear family and were too limiting. In response, we added more lines for beneficiaries. Now, when the Welcome Letter goes out, it shows all beneficiaries, a simple change that has resulted in a 75% reduction in beneficiary-related calls, saving us time and money while creating a better experience for our customers. This was an easy fix that had a big impact.

A FRESH LOOK

That issue didn't just affect our African American customers but others as well, demonstrating that when you think about being inclusive, you make things better for everyone. This is why we encourage credit unions to take a fresh look at their policies, processes and procedures.

The first step is knowing your membership and community demographics. From there, you can start to identify their unique needs, whether or not you're meeting these, and if there are any barriers to entry that could be removed.

As an example, let's say you serve a high indigenous population, do you accept tribal ID as a form of identification to open an account? Are you able to offer Individual Taxpayer Identification Number (ITIN) loans to those without a social security number? This could be a significant number if you serve a large immigrant population.

We know the goal of most CUs is membership growth and that the goal of every CU is serving their members better. Using a multicultural/DEI lens to review your operations will help achieve these objectives. We also know populations and communities of color are continuing to grow and that consumers have more financial options than ever before. As such, we want to ensure folks keep choosing CUs, making it critical they position themselves as the financial institute of choice, one accessible to all.

Opal Tomashevska *is director of multicultural business strategy for TruStage™* (trustage.com)*, a CUESolutions provider based in Madison, Wisconsin.*

MORE ON DEI

CUES' DEI Resource Center (*cues.org/dei*)

CU Management magazine's DEI collection (*cumanagement.com/diversity-equity-and-inclusion*)

John Pembroke Catalyst for Change Award (*cues.org/catalystaward*)

Sparking Creativity *From Top to Bottom*

CONSIDERATIONS FOR BUILDING A CULTURE OF INNOVATION AT YOUR CREDIT UNION

BY ART CHAMBERLAIN

Until recently, a successful credit union was one that got better and better at doing what it had always done, and a successful employee was one who understood their job and did it well.

Now, those measures of success are largely relics of a bygone era.

Welcome to your new world, where success means—well, what does it mean? Increasingly it means your credit union offers new products or services and your best employees are the ones who transform their jobs into something different.

Welcome to an era of innovation, where if you're not changing, you are probably failing.

An innovative organization is a resilient organization. "It's important for credit unions to be innovative," says Linda Bodie, CEO and chief innovation officer at $52 million Element Federal Credit Union (*elementfcu.org*), Charleston, West Virginia. "If they are doing things the way they've always done them, they are not relevant. Continuous improvement is crucial to meet the needs of an ever-changing population that is exposed to many, many different solutions in the financial arena. If you're not innovating and changing and improving, then you're going to be nonexistent one day."

We've been heading in this direction—slowly—for some time, but there is no question that the COVID-19 pandemic sped things along when, overnight, it forced organizations to introduce remote work and boost their online services. Bodie says this just shows that it sometimes takes a strong push to get change going. "It takes a crisis to get people to innovate faster, because they have to; if they don't, then they're dead in the water."

MESSAGE FROM THE TOP

In normal times, the push to create a culture of innovation and a focus on meeting needs in new ways has to come from the leaders, Bodie says. A CEO and other senior executives must set the tone.

"The message has to come from the top. It has to be the culture, this is who we are, and this is what we do," she stresses.

Shonte Eldridge, founder of Drake Strategy & Associates (*drakestrategywins.com*), Baltimore, is an executive who has worked at different government levels and for Amazon Web Services. She says the credit union's board has to start the process of building such a culture by hiring a CEO who is innovative and wants to create an innovative workplace.

"If you want a culture of change, if you want a culture of innovation, then you have to hire an innovative leader," Eldridge says. "You can't hire a leader and then say, 'Oh, they're going to become innovative.' It just doesn't work that way. It starts from hiring."

The interview process is crucial, she notes. From her experience working at Amazon, Eldridge learned that the best way to identify creative thinkers is to ask situational questions, such as, "Tell me a time when you were under a tight deadline and you had to be creative. How did you solve that problem?"

"That's the type of question that they should be asking during these interviews, because from my experience, people do not just all of a sudden at the CEO level become innovative," she says.

The goal is not just to find someone who can do the functional job but to spot someone who can be flexible and creative.

Bodie says this extends throughout the organization. "If you build the culture, and you hire the right people, ... then it can be very successful. But if you hire people that don't fit your culture, if you get people in who don't fit what you're doing, it's going to be a train wreck."

She says when Element FCU onboards new staff, it provides continuous training and engagement to explain, "This is what we do, and you are expected to be an innovator. How can we improve? What can we do differently?"

But Bodie acknowledges that some people are not innovators, and some jobs may not demand innovation, so the challenge is to match people with positions that best fit their personalities and strengths.

NEED LEADERS, NOT MANAGERS

Eldridge says one problem in many organizations is that their managers are not leaders. "They're put in positions where they do not understand the culture and they do not understand how to motivate."

Instead, these managers remain focused on doing the tasks involved, not the value of the outcome.

She recommends training managers to help them develop leadership skills and not to assume that because they have been promoted into a leadership role they will perform well. For example, Eldridge notes that she benefited from a mentor to guide her along during her career.

Additionally, while the CEO must set the tone for an innovative culture, organizations often benefit from having another senior leader dedicated to creating and sustaining the culture, Eldridge says, simply because the CEO has too many other things to worry about.

The key is for leaders to remember that their employees are humans who may not be on board with the new culture. "Your

"It takes a crisis to get people to innovate faster, because they have to; if they don't, then they're dead in the water."

– Linda Bodie

CEO has to recognize that people are what makes the business, because you can't get anything done unless your people want to work there," she says.

CUES member Alex Hsu, CCM, VP/planning and change management at $28.7 billion SchoolsFirst Federal Credit Union (*schoolsfirstfcu.org*) in Tustin, California, was the 2021 CUES Emerge (*cuesemerge.com*) competition winner for his project, a framework for an innovation center of excellence.

Since then, he's managed to put many—though not yet all—of his ideas into practice at the credit union. "We have had a lot more focus on innovation projects," he says. "We introduced a discovery project portfolio that's been very successful."

Projects that have not been fully tested are considered "discovery" efforts that get more investigation and study. Two staffers who are part of the enterprise project management team work full-time on discovery projects. "This has been a way for our organization to test out innovative ideas and make sure that our members will benefit from the change or new product or service.

"With the discovery portfolio, we can launch a small pilot before we decide to do a full-blown implementation," Hsu says. "I think we've been very successful, even if it isn't exactly what I initially proposed."

Hsu says SchoolsFirst FCU's board of directors strongly supports new initiatives, and it has hundreds of members who have volunteered to test new services.

"We have members who are providing feedback, and that is the best way for us to test and learn," he adds.

START SMALL

Hsu acknowledges that even for a credit union as large as SchoolsFirst FCU, it is difficult to spare the staff resources needed for innovation. Nevertheless, he says, "my advice for credit unions of all sizes would be to try to focus on innovation. Even if they have a small staff and they're dedicated to operations, carving out 20% of their time for innovation would be worthwhile. There's something to be said about just starting small, developing that muscle, and little by little proving the value and then hopefully adding to the team."

CUES member Nathan Rogers, chief strategy officer at $657 million Sooper Credit Union (*soopercu.org*) in Arvada, Colorado, says his credit union decided that it needed to put more focus on innovation.

"When we worked on our internal values a few years ago, one of the things that we identified was continuous improvement

"If you want a culture of change, if you want a culture of innovation, then you have to hire an innovative leader."

– Shonte Eldridge

and innovation. We felt like we were doing it, but not necessarily doing it methodically and truly making it a part of the values of the organization," Rogers says.

"The definition of innovation is either making something new or improving something that already exists," he adds. "But at our scale and size, making something new is probably a limited opportunity, so improving something that already exists became our key focus."

Now, Sooper CU has an innovation team that looks "at the management of the third-party products that we use, so we can maximize the money that we're putting out there for these products and use them to the fullest in a way that benefits our membership the most," Rogers says.

His team finds that often the technology is fine. "It's how we use it that is the real issue," Rogers notes. "Are we using it effectively? Is there a procedure that we could change that would use it more effectively and take less time or create a better situation?"

One example of a change that has had major implications for the credit union is a shift in the role of the contact center manager. Previously, the manager was also responsible for overseeing the relationship with the online banking provider, but it was not their focus. Sooper CU now has a full-time contact center manager and someone else responsible for online banking. This has created the bandwidth and focus needed for innovation in both areas.

"We've had a cascade of products, tweaks to uses and new developments that we've been able to put in place," Rogers says. "Other integrations that we've done to online banking improve not just the online banking experience but the contact center experience, so that's one of the biggest successes we've had."

Credit unions need to ensure they are getting the most from their products. Some of the larger vendors "provide everything that you could possibly need," Rogers notes, "but they have hundreds or thousands of clients, and if you're going to get the most from a product, you really need to know it as well or better than the vendor. If you don't, you will be average."

MANAGING GROWING PAINS

Creating a culture of innovation means building a resilient mindset and getting comfortable with change, which isn't always easy for staff. "There are growing pains in the speed with which some of things happen, especially on a larger project," Rogers reflects. "Our staff is stretched already with a lot of responsibilities, and when bringing out a large project, we have to be cautious."

Sooper CU has learned that it needs to ensure there is enough time for team members to assimilate the training and to "make sure that we've got positive influences throughout the organization championing why change is better for us than staying the same."

The credit union has also created a bright ideas program that encourages staff to identify areas that need improvement and the steps that need to be taken. "We're not just looking for problem interactions from the front line, but we want ideas on how to actually improve what we do," Rogers says.

Any ideas go to a committee that looks at whether the suggestion is something that can be done immediately, or whether it should be put into the future strategic plan.

A study by Deloitte (*tinyurl.com/36z5x3jh*) suggests organizations can pair risk management and innovation to manage the risk inherent in such change and identify new opportunities to improve performance.

"While the two fields may seem antithetical, innovation and risk management are actually complementary disciplines," the report says. "Risk management is about responding to risks (reducing or exploiting), while innovation processes may involve taking calculated risks."

One risk factor that creative credit unions can't ignore is their regulatory framework and the need to ensure innovations protect

> **"At our scale and size, making something new is probably a limited opportunity, so improving something that already exists became our key focus."**
>
> – Nathan Rogers

members' privacy and the organization's finances.

In late September, the National Credit Union Administration's board approved a financial innovation rule (*tinyurl.com/5n986byv*) that clarifies its regulations and provides more flexibility for federally insured credit unions to take advantage of new fintech offerings.

"This new rule … shifts the regulatory framework from a prescriptive structure to a principles-based system," said NCUA Chairman Todd Harper in a September 2023 bulletin (*tinyurl.com/ncua-0923pr*). "However, with greater freedom also comes greater responsibility. Managers and boards of directors choosing to use this new rule, therefore, must ensure their third-party due diligence and vendor management policies are updated, followed, and reflect the size and complexity of their activities and risk levels."

Among other changes, the rule clarifies NCUA's provisions regarding indirect lending and indirect leasing and gives credit unions additional flexibility to participate in loans acquired through indirect lending arrangements.

BE CAREFUL WITH AI

These days, with all of the buzz around ChatGPT (*openai.com/blog/chatgpt*), many creative thinkers with stars in their eyes are gravitating toward anything and everything AI.

Jake Tyler, head of conversational AI at Glia Technologies Inc. (*glia.com*), New York, is at the forefront of potentially tricky innovation, since he's working in the rapidly developing area of artificial intelligence and how it can be applied to credit union work.

Currently, Tyler says, Glia offers "a virtual assistant that delivers preapproved responses; it doesn't generate answers on the fly and send them back to members because those answers could be incorrect, which is a dangerous game in a regulated industry."

He expects credit unions will always want human oversight for any member-facing information. "We make sure that every answer that goes back to our member has been approved by the compliance team and marketing team, so it's a more constrained and safer approach."

Glia does help credit unions innovate internally, even if they are approaching AI with caution. "We're helping credit unions reshape their organization by automating a whole bunch of simpler interactions, and we're helping credit unions serve members with richer interactions than traditional phone systems could provide."

Glia also offers a system that acts as a co-pilot and improves member service agents' productivity.

Tyler says lots of credit unions ask about generative AI. "'How does our credit union take advantage of that?' Today, my advice is that anything that's member-facing is high risk, I would argue, and probably beyond what most credit unions will be looking to do."

He points out that AI can "hallucinate," which is the technical term for making stuff up that sounds like it could be right but isn't. "That is a huge risk at the moment," Tyler says, "and for credit unions, it likely prevents us from using it for member-facing applications until we can resolve this."

While AI may replace some job functions in less risky areas, Tyler notes that it will create others, because "you will want a very knowledgeable human monitoring performance and accuracy."

Another major area of concern with AI is data privacy and the sharing of information, which is another reason why Tyler expects financial institutions will always require human oversight. But he notes that soon all of us will be using AI whether we realize it or not—like when we use Microsoft or Google products that rely on the technology. For example, the transcript of my interview with Tyler was generated quickly and mostly accurately by Microsoft Word.

"In the not-too-distant future, 100% of people at banks and credit unions will be using generative AI-powered tools on a day-to-day basis to do something—type documents, draft emails, create presentations," Tyler says. "Every major enterprise product will have AI baked in."

Like many innovations, these changes may not be obvious to the users, but they will make their lives easier.

Art Chamberlain *writes from Canada about credit unions and their operations.*

MORE ON INNOVATION

The Spirit of the Tongass: People, Like Trees, Stand Strongest Together (*cumanagement.com/1023tongass*)

Diversity Insight: Partnering With the Mexican Consulate to Serve Farm Workers (*cumanagement.com/1023diversityinsight*)

Is It Too Late To Innovate? (*cumanagement.com/0823innovate*)

Putting Intel Behind AI Decisions (*cumanagement.com/0823intelbehindai*)

Building the Case for Innovation (*cumanagement.com/0122innovation*)

Leadership and Learning Are Indispensable to One Another (*cumanagement.com/podcast123*)

3 Ways to Transform *Your Board Strategic Planning Session*

REFINING YOUR PURPOSE AND DEFINING YOUR HOPED-FOR OUTCOMES ARE JOB NO. 1.

BY CAROLYN REEVES

MORE ON STRATEGIC PLANNING

Podcast: How CEOs Can Design Organizations of the Future (*cumanagement.com/podcast148*)

The Value of Asking, 'What Happens If'? (*cuamangement.com/0823askwhatif*)

Strategy content from *CU Management* (*cumanagement.com/strategy*)

CEO Institute I: *Strategic Planning* (*cues.org/inst1*)

Strategic planning sessions are an absolute must for credit union leaders looking to chart a course for their organization's future. When done right, these meetings can become the foundation for growth, long-term sustainability and success. However, conventional approaches can often fail to fully leverage the potential of these sessions, leaving untapped opportunities for engagement and collaboration on the table and leading to less-than-ideal results.

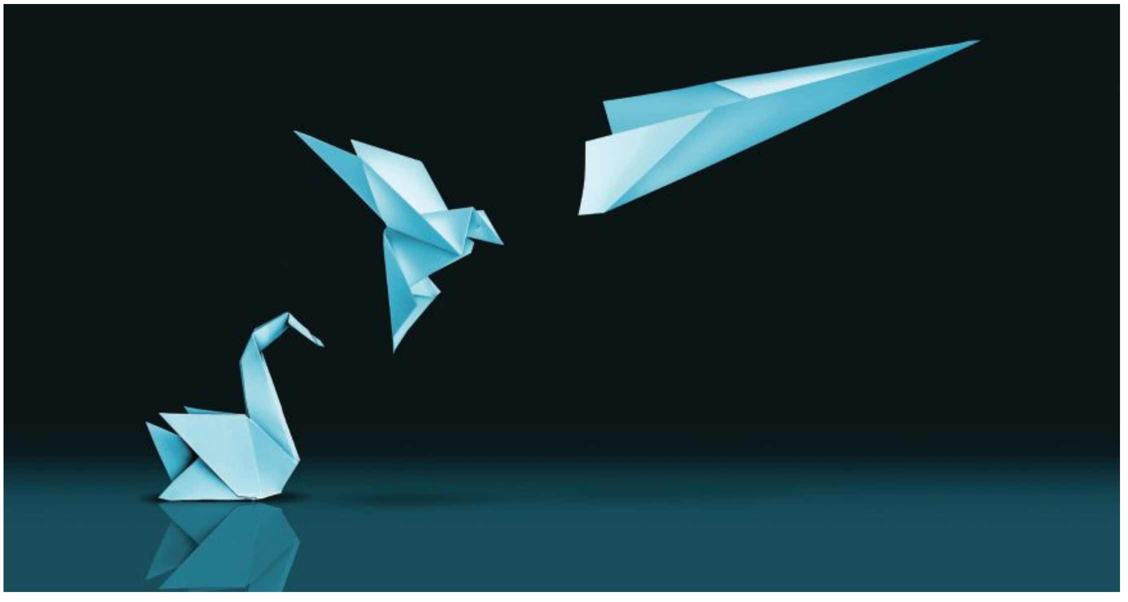
Drawing on my extensive experience facilitating strategic planning sessions and my in-depth understanding of creating meaningful experiences, I have uncovered three approaches to take your board's strategic planning sessions from ordinary to extraordinary. In this article, I provide practical advice that guides credit union executives toward a more focused, engaging and successful board strategic planning experience.

Although we're focusing on board planning meetings here, it's worth noting that these concepts can be applied to any organizational planning session or gathering. So, whether you're strategizing with your team or planning your next organizational gathering, these principles will still hold true and help create successful outcomes.

PURPOSE, OUTCOMES

The key to any successful strategic planning session is to start with a clear purpose and desired outcomes. This approach ensures alignment with the expectations of board members. Understanding the "why" behind the session and setting goals for the tangible results you will achieve will drive more productive discussions and significantly increase the likelihood of the session achieving positive results.

For instance, if your primary focus is to establish your credit union's strategy, it becomes important to note that a planning session typically involves more in-depth discussions than a board retreat allows. While a planning session is concentrated on formulating a strategic vision and charting a future course, a retreat is more geared toward reviewing existing goals and objectives, evaluating progress, fostering team cohesion and cultivating a positive atmosphere. You can capture the board's attention by clearly stating the session's objectives, encourag-



ing participation and creating an environment for engaging conversations.

AN ENGAGING AGENDA

Prioritizing collaboration and engagement when planning your board strategy session agenda is fundamental to ensuring the session is productive.

Involve board members and allow them to shape the session's agenda. Make them feel heard and valued by asking for their input on the discussion topics. For example, you can send out a survey before the session to get their priorities.

The meeting agenda serves as a platform for developing the strategic planning session and should include a range of activities to ensure the meeting remains dynamic and engaging. Incorporating interactive discussions, group activities and practical examples into the session will stimulate creativity and foster open communication among attendees.

As an example, consider including a "future scenario exploration" activity. Form small groups and assign each to envision the CU's landscape a decade ahead. Each group can explore a distinct scenario, such as delivering extraordinary service through artificial intelligence, operating in a cashless society, succeeding or not succeeding at connecting with members of Gen Z, or being a credit union in a world where blockchain technology has ascended. Subsequently, teams can present their scenarios to the larger group, likely sparking thought-provoking discussions on potential strategies.

Create an agenda for the session that balances the need for meaningful discussions with the fact that attendees have limited attention spans. Break up the schedule into focused chunks to ensure efficiency and relevance, with each block devoted to a particular strategic area. Be sure to take breaks throughout the session to assist in keeping everyone's focus and energy up.

GET INCLUSIVE PARTICIPATION

Fostering an environment where every voice is heard is vital for constructive conversations. Creating a space that invites open dialogue and active participation allows for different points of view to be considered, which leads to more innovative solutions. Having a successful board strategic planning session requires involvement from both board members and executive leadership. This promotes better governance and well-balanced decisions, as multiple perspectives are considered.

Organizing a "world café" can be an effective way to get everyone involved in creating a plan for the CU. Set up tables with facilitators at each and give each a specific discussion topic related to the credit union's strategic goals. Have board members rotate among tables in small groups, engaging in conversations and leaving written summaries of their insights. This helps to ensure that everyone has a chance to share their ideas and contribute to the outcomes.

Board members bring a unique mix of talents and experiences to their roles. To ensure everyone has the same understanding, try connecting new ideas to things they already know or understand. This helps build a bridge between existing knowledge and the latest information.

You could illustrate the new technology by comparing it to other technologies familiar to them or that the credit union has already employed. This can help directors understand the ideas better and grasp the possible pros and cons of the new technology. It also gives them a better understanding of the potential impact it could have on the membership.

ELEVATE YOUR SESSION

Strategic planning sessions are essential for positioning your credit union for future success. These collaborative meetings drive the organization toward its desired future outcomes. Designing a purposeful and well-thought-out experience is crucial to ensure you get the most out of these gatherings.

With the right design and facilitation, your strategic planning sessions can be a powerful tool for achieving your credit union's goals. Incorporating these three transformative approaches into your next session can have a big impact and extend its reach beyond the meeting room—helping to solidify your plan and chart a course for your credit union's success.

Carolyn Reeves *is a former learning and talent development executive at a $28 billion CU. Her desire to help leaders accelerate business results through learning and performance led her to establish Carolyn Reeves Consulting* (carolynreevesconsulting.com).

CU MANAGEMENT

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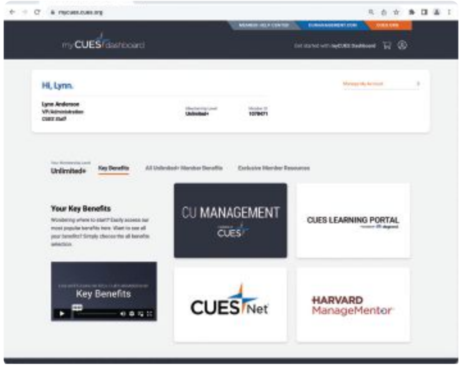
myCUES Member Dashboard Honored *With Platinum dotCOMM Award*



CUES and tech partner Accella LLC (*accella.net*) have been recognized by the Association of Marketing and Communication Professionals (*amcpros.com*) with a Platinum dotComm Award honoring excellence in web creativity and digital communication. The award recognizes myCUES Dashboard, a powerful, personalized web tool created to give CUES members easy access to their benefits and related learning content.

The dashboard was one of more than 2,500 total entries submitted for consideration from entrants in the U.S., Canada and numerous other countries. Gold and Platinum winners were selected in 241 categories, representing the elements of the web's evolving tools—such as interactivity, content, design, social media, video, apps, blogs and influencers.

CUES and Accella created the user-friendly dashboard to guide each CUES member through a unique, personalized benefits journey, showcasing the tools, content and learning modules most appropriate for their specific career path. No two CUES member dashboards look alike, and each return visit delivers new, valuable content to move members closer to their professional goals.

"We are especially proud of this award as it underscores our ongoing efforts to enhance the CUES member experience on every level," says Heather McKissick, I-CUDE, CEO of CUES. "We are pleased to see this effort acknowledged by such a distinguished organization as the AMCP and are excited about the ease of use and customized content it delivers to our members."

Thank You *Sponsors!*

CUES' Directors Conference (*cues.org/dc*) is the annual must-attend director event for the credit union industry. This year we're headed to Maui, Dec. 10-13. We appreciate the following sponsors helping to make this event a success:

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Sponsors that signed on for the event as of Oct. 16 are included here. See the full list at *cues.org/dc*; scroll to the bottom of the page.

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CEO Institute combines the faculty, facilities and resources of the nation's top business schools into an unparalleled educational program that will prepare you to meet any challenges and opportunities you face as a credit union leader. As a graduate of this transformational program, you'll leave equipped with a comprehensive understanding of leadership issues that will immediately impact your CU. CEO Institute consists of a series of one-week sessions held over three years, and the sessions can be taken in any order. (For more information about CEO Institute II and III, visit *cues.org/inst2* and *cues.org/inst3*.)

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Symposium	Grand Hyatt Baha Mar Nassau, Bahamas	**Jan 28–Feb 1**	cues.org/SYMP
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APRIL 2024			
CEO Institute I: *Strategic Planning*	*The Wharton School* University of Pennsylvania	**Apr 7–12**	cues.org/INST1
CEO Institute: *FinTech*	*Cornell Tech* Roosevelt Island, New York, NY	**Apr 15–19**	cues.org/Fintech
CEO Institute III: *Strategic Leadership Development*	*Darden School of Business* University of Virginia	**Apr 28–May 3**	cues.org/INST3
MAY 2024			
CEO Institute II: *Organizational Effectiveness*	*Johnson School of Management* Cornell University	**May 5–10**	cues.org/INST2
JUNE 2024			
Governance Leadership Institute™	*Rotman School of Management* University of Toronto	**June 9–12**	cues.org/GLI
Governance Leadership Institute™ II	*Rotman School of Management* University of Toronto	**June 12–14**	cues.org/GLI2
JULY 2024			
Director Development Seminar	*Portola Hotel & Spa at Monterey Bay* Monterey, California	**July 30–31**	cues.org/DDS
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UPCOMING ONLINE PROGRAMS			
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Keep the People *in Your People Strategy*

BY LESLEY SEARS

When organizations think of “people strategy,” they often think only of the nuts-and-bolts HR functions like hiring, anti-harassment training and expense reporting.

And while HR functions are important to a good people strategy, they’re only part of what’s needed for success.

I like to think of people strategy as having two components: operational and behavior-based.

The operational component is usually the easier one for leaders to think about. It includes not only the foundational HR functions we talked about earlier, but also workforce planning, budgeting for staff salaries and benefits, and other requirements, such as Bank Secrecy Act training.

The often-overlooked component of people strategy is the behavior-based one. This component includes things like getting staff members to buy into the credit union’s mission, identifying the skills team members most need to succeed, helping staff feel safe in the culture, work/life balance, building trust among people and forging clear career paths.

Why is it easier for most organizations to focus on the operational side of people strategy? It’s because operational success can be more visible and more easily measured; because when behavior-based people strategy issues are seen in culture, they’re often not understood. Many times, the operational component of people strategy and the many associated legal and regulatory requirements take so much effort that there simply isn’t time left over to address the behavior-based component of people strategy.

But it’s important to make time for it. Without doing so, your people strategy will be incomplete and less effective. It could result in less staff engagement. And according to a 2023 report by Gallup, engaged workers drive 23% higher profits. In comparison, disengaged employees cost the world $8.8 trillion in lost productivity in 2022 alone (*tinyurl.com/2jjrcnra*).

It’s also important to make time to ensure your people strategy—complete with both an operational and a behavior-based component—is aligned with your credit union’s mission. That way, your engaged team members will all be rowing together toward the same goals—your credit union’s goals!

At this point you may be asking, “How can I develop a complete people strategy that will align our team with our credit union’s mission?” Glad you asked.

Developing people strategy like we do with clients of CUES Consulting is an ongoing process of five steps: 1. Define objectives and scope; 2. Gather data and information; 3. Analyze your findings; 4. Develop recommendations; 5. Plan and execute.

There’s lots of detail behind that basic structure, including using well-chosen, valid assessment tools to collect the data; having the skill and context to analyze both quantitative and qualitative findings; knowing the best practices on which to base your recommendations; and effectively motivating everyone from frontline team members to members of the C-suite to execute the plan.

Without a complete strategy, your organization will likely experience both operational and behavior-based chaos. Operational chaos can be at the root of poor onboarding, e.g., being behind on operational training and not having metrics for measuring performance. Behavior-based chaos is showing itself when there’s no collaboration, no understanding of possible career paths, no mission buy-in and high attrition.

If you’re ready to talk about keeping the people in your people strategy and the overall process of aligning your people strategy to your mission, let’s talk.

Lesley Sears *is VP/consulting services at CUES and leads CUES Consulting* (cues.org/cuesconsulting)*, which provides talent strategy support to credit unions of all sizes.*

Leave a comment at cumanagement.com/091823blog.

“Personal reflection and introspection are powerful when assessing your personal strengths and weaknesses. Your assessment of your development needs should include gathering feedback from a variety of colleagues and friends, looking at your performance evaluations and taking time for private reflection on your activities and thoughts. What are your identified opportunities and strengths?”

Jimese Harkley, JD, CUDE, SPP, CCE, *VP/membership for CUES, in “Membership Minute: Get or Grow the ‘Human Skills’ You Need For 2024 and Beyond”:* cumanagement.com/092523blog