CU MANAGEMENT

JUNE 2024 • IN-DEPTH INFORMATION FOR CREDIT UNION LEADERS

FUELING *Growth*

EV loans and HELOCs brighten CU prospects.

CUmanagement.com

CUES
POTENTIAL, REALIZED.™

ARTIFICIAL INTELLIGENCE
Unraveling AI's prediction potential

BOARD GOVERNANCE
Meet your compliance responsibilities

WORKPLACE CULTURE
Empower women through ERGs

- IT'S A -
MONEY THING®

Press "Play" on Financial Literacy

Did you know our brains are wired to learn more when it's fun? It's a Money Thing uses playful, animated videos to tackle personal finance topics with character and heart.

It's a Money Thing gives your credit union access to hundreds of custom-branded teaching materials, including videos, infographics, presentations, handouts, articles, social media graphics and lesson plans.

BOOK YOUR DEMO TODAY
bit.ly/money-thing

CURRENCY FINANCIAL EDUCATION EXPERTS

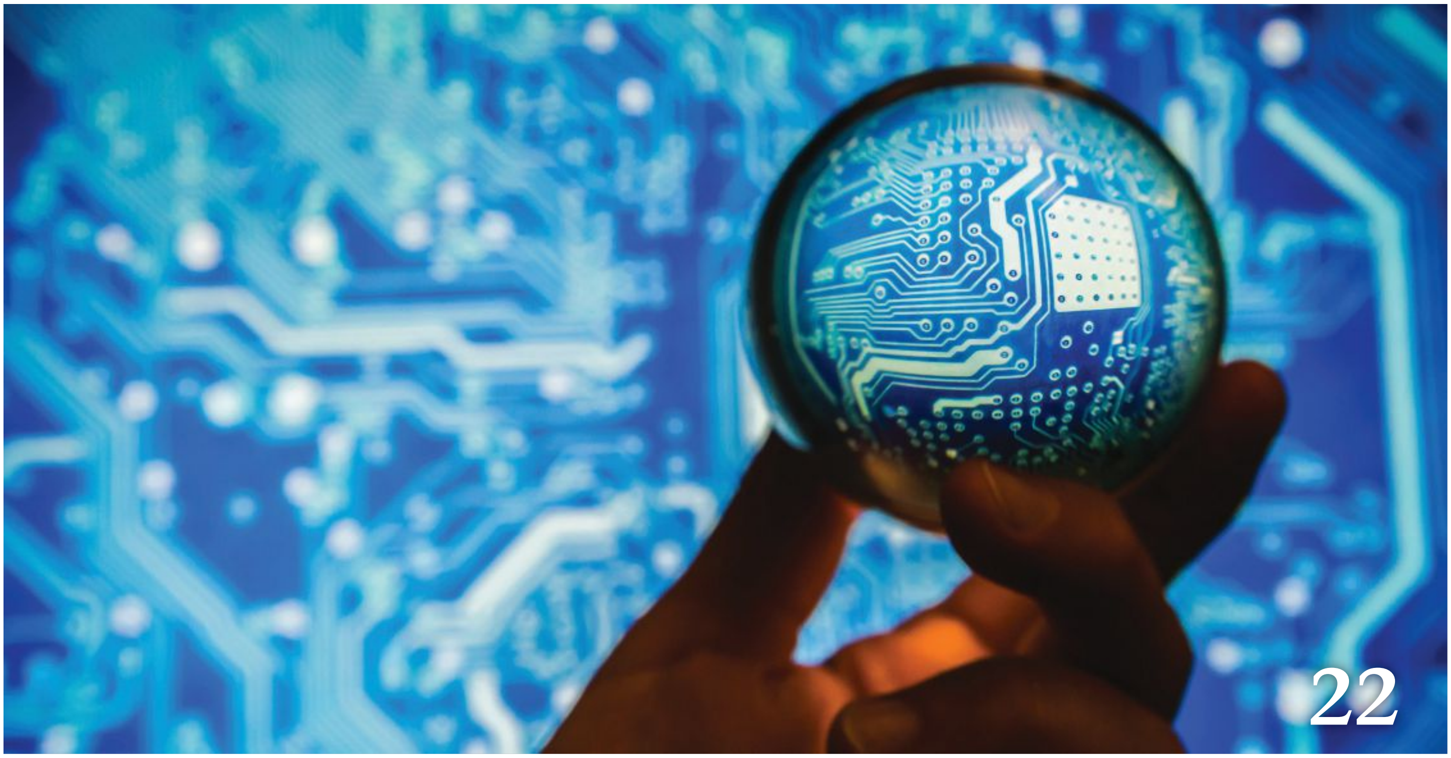
Contents

JUNE 2024
VOL. 47, ISSUE 6

FEATURES

>> Visit CUES.org to find the latest offerings suited to your job title, access to your member benefit portal and much more.

Contents



>> The myCUES dashboard is a powerful tool for CUES members. Access your personalized CUES benefits at *mycues.cues.org.*

JOIN US ONLINE

@TheRealCUES
CUES
CUES

CONTACT CUES

PHONE 608.271.2664
CANADA 604.347.7097
EMAIL *cues@cues.org*

CUmanagement.com

ONLINE ARTICLES, VIDEOS AND MORE

From Our Blog

What Lessons Can Be Learned From the Republic First Bank Failure?

Governance expert Taras Nohas outlines six risk management and oversight steps CUs should take to ensure they don't find themselves in the same position.

cumanagement.com/050824blog

CUES Video

Grow by Improving the Staff and Member Experience

Bryn Conway, MBA, CUDE, principal of BC Consulting LLC, describes how employee and member experience go hand-in-hand and four ways CUs can boost the experience they offer.

cumanagement.com/video060324

Visit Us Online!

Scan the QR code to find all of the content on this page and more in the June digital edition of the magazine on CUmanagement.com!

CUES Podcast

Exciting Times Ahead With Instant Payments

Tede Forman, president of payment solutions at CUES Supplier member Jack Henry, explains why Jack Henry actively participated with the Federal Reserve to help develop its real-time payments network, FedNow.

cumanagement.com/podcast162

Magazine Staff

CEO
Heather McKissick, I-CUDE • *heather@cues.org*

VP/PUBLICATIONS & PUBLISHER
Theresa Witham • *theresa@cues.org*

EDITOR
Danielle Dyer • *danielle@cues.org*

VP/MARKETING
Nicole Morrison • *nicole@cues.org*

VP/SUPPLIER SOLUTIONS
Kari Sweeney • *kari@cues.org*

SUPPLIER SOLUTIONS MANAGER
Loriann Mancuso • *loriann@cues.org*

SUPPLIER SOLUTIONS COORDINATOR
Rina Salverson • *rina@cues.org*

DIGITAL MARKETING SPECIALIST
Molly Parsells • *mollyp@cues.org*

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

ADVERTISING/SALES MANAGER
Weston Kalogeridis • *westonk@cues.org*
Phone: 313.610.8092

CU Management (ISSN 0273-9267, *CUmanagement.com*) is published monthly by the Credit Union Executives Society (CUES®), 2601 Crossroads Dr., Suite 105, Madison, WI 53718-7923. Telephone: 800.252.2664 or 608.271.2664 in the U.S.; 236.326.2620 in Canada. Email: *cues@cues.org*. Web site: *cumanagement.com.* Periodicals postage paid at Madison, WI (USPS 0569710).

Manuscript submissions and advertising are welcome. The appearance of an advertisement does not imply endorsement by CUES. Editorial opinions and comments in the magazine are not necessarily those of CUES. Annual subscription rate for CUES members and CUES Supplier members is $89, which is included in dues. Additional subscriptions: $89. Non-member subscriptions: $139. Digital-only subscriptions: $69. Single copy: $10. Subscriptions outside the U.S. will be invoiced for additional postage costs. For article reprints of 100 or more, call CUES at 800.252.2664, ext. 307. POSTMASTER: Send address changes to Credit Union Executives Society, P.O. Box 14167, Madison, WI 53708-0167.

LET'S CONNECT

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

YOUR THOUGHTS

WHAT ARE YOUR TOP THEMES OF 2024?

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

Readers, What's *on Your Minds?*

Every month I check to see what content is resonating most with you, our readers. Some topics, like lending, frequently show up in our top 10 articles. But sometimes you surprise me.

When I examined the top *CUmanagement.com* content this year, I noticed a few themes.

Diversity, Equity and Inclusion: For even more DEI content, visit *cumanagement.com/dei*. Plus, check out p. 8 of this issue and the two popular articles below.

- **Intentional in Their DEI Journey:** Golden 1 Credit Union is a worthy winner of the inaugural John Pembroke Catalyst for Change Award (*cumanagement.com/0224deijourney*).
- **The Strong Business Case for Pursuing DEI—And Now B:** It's worth it to push back against any pushback so you can fully embrace (and reap the benefits of) diversity in your membership and staff (*cumanagement.com/0124dei*).

Advancing Women: Three of the top articles are about women in the credit union movement. (Note: You can find new content in our online Advancing Women publication four times per year at *cumanagement.com/advancing-women*.)

- **Breaking the Glass Ceiling:** In Canada, more women are advancing to credit union than bank C-suites, but more progress could still be made (*cumanagement.com/0124glassceiling*).
- **Empowering Women Through ERGs:** Employee resource groups offer a path for team members to embrace your credit union's mission—and to grow personally and professionally. You can find this article at *cumanagement.com/0224awergs* and on p. 18 of this issue.
- **Leadership Is an Inside Job:** CUES member Jean Hopstetter, CSE, CCD, CCE, senior executive vice president at Member One FCU, knows leadership requires a commitment to personal development and taking risks (*cumanagement.com/0224awleadership*).

Operational Challenges: In addition to the articles below, be sure to read our cover story about HELOCs and electric vehicle loans, p. 10.

- **Responding to More Complex Hacks:** Cybersecurity oversight and implementation best practices are shifting (*cumanagement.com/0224hacks*).
- **Lending Perspectives: 5 Habits of Top-Producing Loan Officers:** Read these insights from a credit union VP/consumer and home lending (*cumanagement.com/0324lending*).

Leadership: CUES members are leaders, and we provide content to help you better lead your CU.

- **Reaching Impressive Heights:** 2023 CUES Distinguished Director Scott Burt has played a crucial role in helping Mountain America Credit Union achieve phenomenal growth (*cumanagement.com/0224heights*).
- **Resilient Leaders Essential to Moving Credit Unions—and Their Communities—Forward:** Leadership development is not a luxury, especially in challenging times (*cumanagement.com/0124resilientleaders*).
- **Leadership Matters: 5 Ways to Prepare for Tough Conversations:** While you can't control how others receive your message, you can boost your chances of a positive outcome by being clear, curious and calm (*cumanagement.com/0324leadershipmatters*).

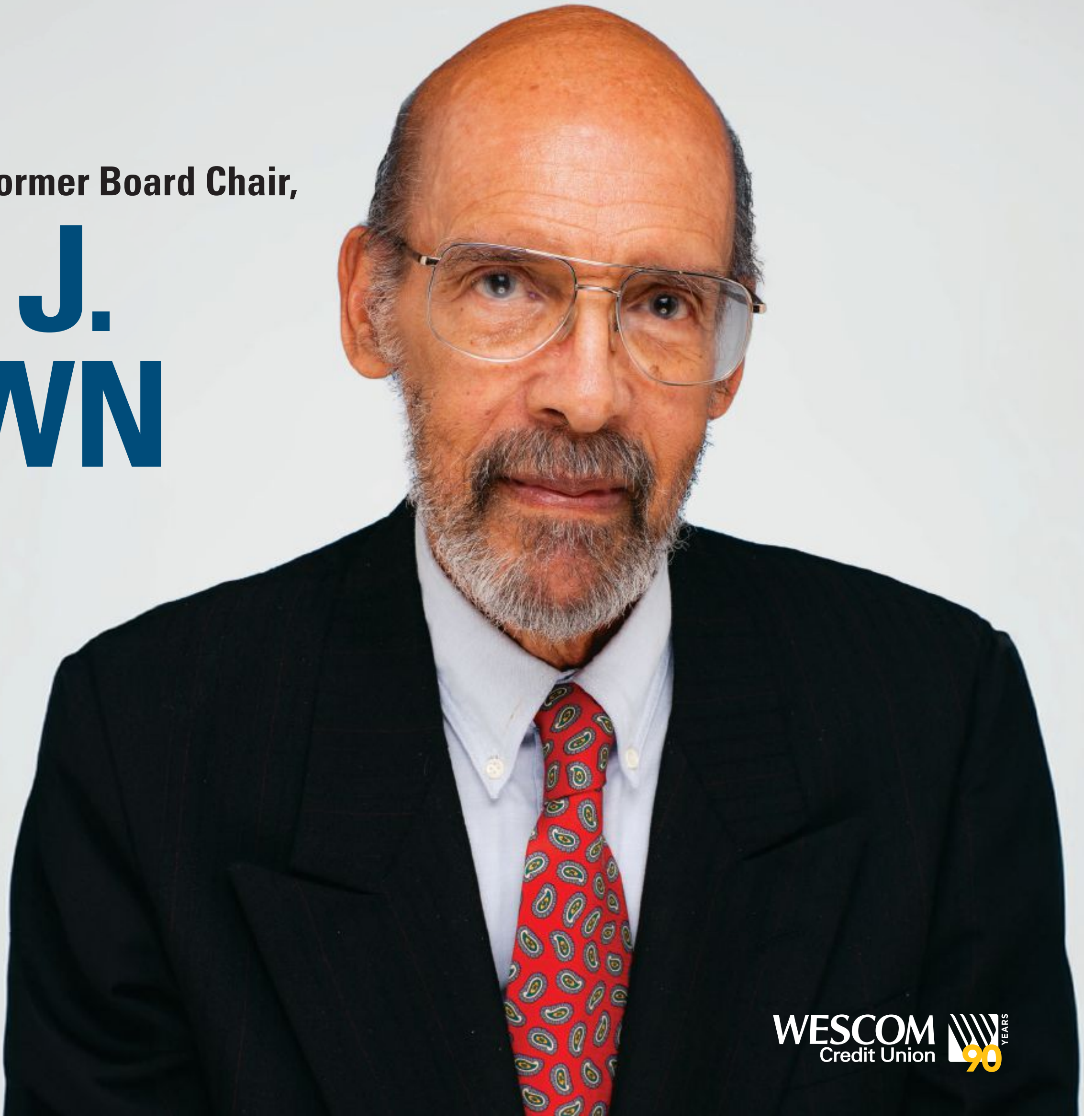
Be sure to visit *cumanagement.com* regularly for the latest content from CUES. And let me know what you'd like to see in these pages.

Theresa Witham

Theresa Witham
VP/Publications & Publisher

Wescom Honors Former Board Chair,

WILL J. BROWN



To honor the life and service of the late Will J. Brown,

Wescom Credit Union, through the Wescom Foundation, is dedicating three grants totaling $10,000 to local Southern California non-profits.

Brown, who passed away in late February 2024, was a dedicated volunteer to the Credit Union for more than 40 years. He was first appointed to the Wescom Board of Directors in 1980. During his tenure on the Board, he held the positions of Board Chairman and Vice Chairman, and served on various Board committees. In 2011, he was appointed to Director Emeritus.

In addition to Brown's passion for serving on the Board, he also loved to play golf and was a proud Marshall at Brookside Golf Course, which is adjacent to the Rose Bowl Stadium in Pasadena. To honor his service, Wescom is dedicating a tee box plaque at Brookside with the message: *In Memory of Will J. Brown, Brookside Marshall, Wescom Board of Directors.*

A former executive with AT&T, Brown was a founding member of the company's internal organization, C.I.T.I.E.S. (Community Involvement Team In Every Sector), which was created to encourage, prepare, and mentor minority employees of AT&T to pursue leadership positions.

The Longtime Board Member, Who Passed Away Earlier This Year, Served the Credit Union for More Than 40 Years.

To further commemorate Brown's life and accomplishments, Wescom Credit Union, through the Wescom Foundation, is dedicating three grants to local non-profits that reflect Brown's love of golf and passion to help close the digital divide:

- **The Rose Bowl Legacy Foundation - $5,000**
- **Life Skills Fore Pasadena Youth Inc. - $2,500**
- **Connect to Compete Inc. - $2,500**

Stand Up and Lead Others *to Value Everyone*

4 concrete ways to do the right thing and reap the business benefits

BY ZACH CHRISTENSEN, CUDE

Only 4% of the members of Gen Z are credit union members, according to an article by CUESolutions provider Velera (formerly PSCU/Co-op Solutions) and pymnts.com (*tinyurl.com/pymnts-genz*). "And that's a problem," the headline of the article asserts. It's a problem because over the next 20 years, $84 billion will be transferred from older generations to younger people—and Gen Z is clearly not bringing those assets to CUs (*tinyurl.com/fortune-wealth-transfer*).

It's a problem because even while 20% to 28% of Gen Zers now identify as part of the LGBTQ+ community (*tinyurl.com/nbc-genz*), we are seeing pushback in the credit union space against diversity, equity, inclusion and belonging efforts.

Considering all this together creates a very important question for CUs. It might be an existential one: Are we willing to risk that "the great wealth transfer" will happen outside the CU movement?

If CUs are not willing to actively engage Gen Z by being inclusive and creating a broad sense of belonging, by standing up for those who need their voices heard, we are diving headlong into that risk.

With this in mind, CU Pride (*cupride.org*) hosted its inaugural Stand Up Summit (*tinyurl.com/StandUpSummit*) in early March before this year's Governmental Affairs Conference. The idea behind having a "stand up" summit wasn't that we stood during the event! It was rather that we invited people to share their stories and be inspired to stand up and better serve traditionally marginalized people.

A key summit conversation was how CU leaders can help their organizations move forward not just by creating an experience of belonging for members of the LGBTQ+ community but how CU leaders can create an experience of belonging for everyone, including those who need us most.

Debbie Wege, cooperative community advocate at $30 billion BECU (*becu.org*), Tukwila, Washington, gave concrete examples of what her CU has done over her 34 years with the organization to become ever more disciplined about its DEI work and engaged with and invested in its members, employees and communities.

Don't say BECU is a large credit union and you couldn't possibly do what they do. You can. There are lots of good things you could do, lots of ways to start, lots of ways to tailor ideas to your specific situation and lots of ways to continue to move forward if you've already begun. The time is now to position your CU to not only do the right thing but reap the business benefits. Here are four ideas from the summit that you can take action on today, tomorrow and beyond. (Find four more ideas in the longer version of this article at *cumanagement.com/0624love*).

1. Involve Your Employees: A couple of years before the murder of George Floyd, Wege told the summit participants, BECU created a mantra supporting belonging, inclusion and leveraging differences for good. From that foundation, it formed its "BILD Council," which included representation from all organizational levels and departments and many other facets of diversity.

"We were given … the freedom to talk about 'what does it mean to really elevate belonging, inclusion and leverage difference?'" Wege said, noting that the council recommended leaning into employee resource groups formed around common interests, common bonds or similar backgrounds. At the time, the CU was already home to an ERG for veterans and another for women. "I can now say that we have 10 very active, very engaged employee resource groups, including our pride advocacy collective," Wege added.

2. Look at Your Policies and Benefits: Wege underscored how BECU's domestic partner health insurance benefit came into existence "long before my long-term marriage was considered legal" and long before such insurance was mandated. "That spoke volumes to me at that time in my life, and really opened the door for me to start thinking differently about the place that I worked," she said.

BECU more recently encouraged everyone to put their preferred pronouns in their email signatures, also in support of the LGBTQ+ community.

3. Incorporate Your Values Into Your Operations and Marketing: Wege noted that BECU is looking for ways to change its technology systems to promote inclusion and belonging. One of these will be making it easier for staff to capture members' chosen names. In the early 2000s, she added, BECU started investing in showing the faces of real members in every promotional piece it produces, from advertising to commercials. "That included featuring same-sex couples, business owners and the like," Wege explained. BECU has also been a proud sponsor of Pride events in its community.

4. Face Your Fear of Putting Your Values Into Action: Wege told the story of one of BECU's senior executives receiving a call from a longtime member with significant assets at the CU who objected to the credit union's presence at a Pride event.

"I think this is wrong," the member said. "And I'm going to pull [out of] my accounts if you don't change this."

Wege said the executive had the discipline to say, "We're a cooperative. We're a member-owned credit union. And we stand on a set of values and principles. Those values and principles include nondiscrimination, open membership and being there for our members—and that includes all of our members and all of our potential members. So, if those values and those principles don't align with you as a person, then I understand, but maybe we're not the financial institution for you."

"That is huge," Wege said. "That kind of discipline and support is the kind of thing that changes the game."

President/CEO of Mitchell Stankovic and Associates and founder of the Underground Susan Mitchell was preparing to speak at the Global Women's Leadership Network luncheon at GAC when she wrote on the back of her napkin, "Lead Others to Value Everyone," which became the headline for this piece. Oh, and by the way, that's L-O-V-E.

Are you ready to stand up?

Zach Christensen, CUDE, *is director/DEI & digital services for Mitchell Stankovic and Associates (*mitchellstankovic.com*) and executive director of CU Pride (*cupride.org*).*

Dave Carhart

Title: People Strategist

Company: Lattice

Phone: 856.910.1166

Email: dave@lattice.com

Website: lattice.com

What are the top issues for credit unions today?
Credit unions are up against a lot in the current economic landscape: rapid inflation, employee attrition and fierce competition for talent with the rest of the financial services industry. They're also estimated to have a record number of mergers and acquisitions in 2024 (*tinyurl.com/ibanknetreport*) and a significant shift in skills needs due to the rise of AI. A new report from Accenture found that 73% of time spent by bank employees has a high potential to be impacted by generative AI (*tinyurl.com/accenturereport24*).

What makes Lattice unique?
Lattice is the No. 1 people platform that turns managers into leaders and organizations into great places to work. With AI-powered performance management and engagement, company leaders are able to bring their people strategies to life with HR tech that employees actually enjoy using.

How is Lattice making the credit union industry stronger?
Lattice understands why CUs have always prioritized people. Our philosophy is that when people thrive, business thrives. When HR is empowered to implement their strategies with technology that augments their employees' impact on the organization, they're enabling high performance and success at every level of the business, which pays dividends with greater member satisfaction.

Tell us a client success story.
Implementing Lattice has helped our credit union clients achieve business outcomes amidst a challenging economic environment. Vantage West Credit Union used Lattice to address a high turnover in their call center operations. They implemented goal-setting, one-on-ones and performance reviews to make sure managers had an understanding of employees' needs and employees understood how their work contributes to the bigger picture. The result was a 27% decrease in turnover, which reduced hiring costs for the organization and increased engagement and a sense of belonging for employees.

Two for the *Money*

EV LOANS AND HOME EQUITY LINES GIVE CUs BRIGHT PROSPECTS.

BY RICHARD H. GAMBLE

In today's challenging lending environment, two opportunities for credit unions stand out: the surging popularity of electric vehicles that come with their own financing opportunities and the role of familiar home equity lines of credit as a foundational wellness product.

SNAGGING EV LOANS

As Tesla (*tesla.com*) production and sales grow, which lenders get the Tesla loans takes on more importance. Now credit unions have new opportunities to snag Tesla loans indirectly through CUESolutions provider Origence (*origence.com*), based in Irvine, California.

Tesla sells and finances exclusively through an online channel. There are no dealers and no captive finance company, explains Origence CEO Tony Boutelle. Tesla does not participate in the traditional indirect financing network used by other dealers. Instead, it has an exclusive third-party network of just five finance providers—four banks and Origence.

Origence, with its new licensed subsidiary FI Connect (*ficonnectlending.com*), is the conduit sitting between Tesla and 21 credit unions that are currently live or in implementation on the platform. There are more than 50 credit unions in the pipeline, Boutelle reports, and the only way a CU can automatically get an indirect Tesla loan is through FI Connect.

"We offer credit union financing and get approved loans," Boutelle explains. "Then we immediately sell them to participating credit unions. Our CUs have forward-flow commitments, based on their appetite and field of membership. Typically, they commit to taking $10 million a month for a minimum of three months. The financing is all done ahead of the final sale.

"We're active in 28 states now," Boutelle notes, and Tesla is using indirect financing in 32. "We intend to be in all of them. We want to enroll as

"The goal needs to be what we want our portfolios to look like in the future and how we are going to get there."

– Jenny Vipperman

many CUs as possible. We're looking for high-volume lenders."

When FI Connect approves a Tesla loan, the loan is sent through a process that attempts to match the buyer with a participating credit union based on existing membership, location and other factors. If a match is made, the loan is also offered to that credit union; it can bring the loan in-house and gain a new member.

The Tesla financing network is tight, fast and highly competitive, he notes, so margins are slim. CUs don't get better rates on indirect Tesla loans than they do on other indirect loans.

But Tesla blazed its own trail, and that trail is starting to look more like a paved road. Now other EV-only ventures like Lucid (*lucidmotors.com*) and Rivian (*rivian.com*) may follow the Tesla model, Boutelle predicts. Lucid and Rivian currently each have a single financing partner, but their numbers are expected to grow, and they're the leading edge of a wave of EV ventures.

EV market share overall is still modest, but expansion is in the wind. EVs hit 8.1% of all vehicle sales in 2023. JDPower (*jdpower.com*) is predicting 12% by 2024. This year and last year will see 70 new EV nameplates, Boutelle enthuses.

Erin Mendez, CCE, is CEO of $9.7 billion Patelco Credit Union (*patelco.org*), based in Pleasanton, California, and chair of the Origence board. She's also a committed FI Connect user. "We see this as a chance to help our members buy Teslas," she says.

"With the high gas prices in California, an EV is an attractive proposition." One quarter of all vehicles sold in California is an EV, and one of five is a Tesla, notes Mendez, a CUES member. "Without Origence, we'd never be able to do this."

About $106 million of Patelco CU's $1.7 billion indirect auto loan portfolio comes from FI Connect, Mendez reports. That slice doesn't outperform the rest of the portfolio based on rate, but it does yield the best return on assets because of superior credit performance. "Our charge-offs on the Tesla loans are just 20 basis points of that portfolio over the past 12 months. The charge-offs on our other indirect loans are 80 bps during that period, and the charge-offs on our direct loans are 40 bps."

EV lending is especially important in California and for financial institutions like $5.8 billion Wescom Credit Union (*wescom.org*), based in Pasadena. "Last year, 37% of our auto loans were for EVs," reports CUES member Jeff Smrcka, VP/consumer lending. That's ahead of the 27% across California, which leads the nation in EV loans.

All of Wescom CU's auto loans are direct. "We only do direct financing," Smrcka reports. "Our members don't have to deal with the pressure of ancillary product sales and dealer mark-ups." Eighty-eight percent of those loans are made to members ahead of their purchases, and 12% are to members refinancing loans originally made through dealerships, he explains.

Patelco CU also makes a few direct Tesla loans, Mendez reports, where a member comes in and takes out a loan and then uses the money to buy the Tesla.

Of the EV loans Wescom CU made last year, about 80% were for Teslas, Smrcka reports. "They're by far the market leader in California, but their share is starting to shrink as other brands enter the market. I expect their share in our portfolio is heading for 75% by midyear 2024."

There aren't a lot of Tesla sales yet in Wisconsin, notes CUES member Shawn Redman, chief lending officer of $607 million Heartland Credit Union (*heartlandcu.org*), Madison, Wisconsin. The closest showroom is Chicago.

Nevertheless, Redman is interested in what Origence is doing. "It's a big feather in their cap," he says. "They deal directly with Tesla. Then they see where the borrower lives by ZIP code, and they could offer us loans within our market. We're not doing it yet, but we're considering it."

Wescom CU likewise has listened with interest to an Origence presentation but for now the credit union is sticking with its direct-only strategy. "We don't see a need to open a new channel at this time," Smrcka says.

It's important to note that EV technology is changing rapidly, and EV buyers are tech-savvy and tend to be tech enthusiasts. This makes them a distinct demographic that has high credit ratings and favors the latest models—and they steer clear of used EVs. "The prices on used EVs are great," Smrcka says, "but buyers are not jumping in."

MAKING HOME EQUITY USEFUL

Home equity lines of credit continue to evolve from a mortgage add-on to a core product—perhaps *the* core lending product. The safest borrowers are members sitting on a large amount of home equity they don't want to liquify by refinancing at today's higher rates. That equity and access to it are becoming the foundation of financial wellness for members who qualify.

Other lending products are limping. Credit unions got a surprise feast in 2022 by helping members refinance their homes at astonishingly low rates. They capitalized, but the moment has passed, notes economist Bill Conerly, head of Conerly Consulting LLC (*conerlyconsulting.com*), Portland, Oregon.

The best thing going for credit union members today, suggests Omar Jordan, CEO of Coviance (*coviance.com*, formerly LenderClose), West Des Moines, Iowa, is their home equity. Using home equity loans to consolidate debt makes a lot of sense.

HELOCS are the most requested loan product today, Jordan reports. The sharp spike in interest rates has brought a shift from using home equity loans to take on new debt for home improvements to using them for debt consolidation. Members are also tapping their equity to pay off student loans.

When consumers spend more than their income, they run up credit card balances, which carry high rates if consumers can't pay off the balances monthly, says CUES member Jenny Vipperman, president/CEO of $3.7 billion ORNL Federal Credit Union (*ornlfcu.com*), headquartered in Oak Ridge, Tennessee. "This creates

Participation Rules *Relaxed*

Last September, the National Credit Union Administration (*ncua.gov*) approved a final rule to amend its regulations for indirect lending, the purchase of loan participations and the purchase, sale and pledge of eligible obligations, as well as notes of liquidating credit unions (*tinyurl.com/3uays6vs*).

That should make it easier for CUs active in indirect auto lending to control the sale of participations, report Kristin Zell, national director and head of sales for CUES Supplier member Jack Henry's lending group, Monett, Missouri (*jackhenry.com*).

"The regulation can be seen as vague," she explains, "but its intent is to give CUs more flexibility in what credit they retain and how they use evolving technology. It allows them to cooperate more with fintechs. It's a move to modernize systems and relax restrictions, giving CU lenders more flexibility."

It's not clear yet how much impact the new reg will have, she admits, but it should help large indirect lenders control their programs in ways that make the most sense to them. CUs have been growing their share of the indirect auto loan market, and this takes off some of the constraints they have lived with.

There clearly are technology components as well as balance-sheet components to the regulation, Zell notes. Jack Henry has received few questions from its CU clients about the rule. "They're still trying to absorb the implications and how it might affect their strategy."

But she's also seeing lots of inquiries from fintechs about "how they can be part of our platform modernization and extend their reach into the process and let CUs gain efficiencies and take advantage of more pieces of the indirect auto lending puzzle."

The liquidity benefits are obvious. The tight liquidity of 2022 and 2023 has eased some, Zell notes, but if CUs need capacity, the new reg will give them more tools to get it. The reg specifically mentions allowing CUs to take advantage of services offered through fintechs.

For CUs that do a lot of indirect auto lending and have been bumping into regulatory restrictions, the new rule could be good news. Others will be unaffected. For example, $5.8 billion Wescom Credit Union (*wescom.org*), Pasadena, California, only does direct auto loans. "We don't see any benefit to doing participations," says CUES member Jeff Smrcka, VP/consumer lending at Wescom CU.

a need for debt consolidation, and HELOCs are an effective way to do this." ORNL offers HELOCs with floating rates.

HELOCs are proving remarkably flexible. For CU members wanting to buy a boat or an RV, Conerly points out, HELOCs can be a financing alternative to a vehicle lien.

In the frenzied market of 2022, Conerly says, it took cash offers to buy a short-in-supply home; a lot of baby boomers helped their kids by taking out a HELOC, advancing the cash to the kids, and then having the kids take out a standard mortgage and repay the parents once the dust settled.

HELOCs worked better than bridge loans in that market for people who needed to pay for a new home before they could sell the old one, Redman reports. A bridge loan was too slow.

With such uses, HELOCs have become a hybrid loan, Jordan suggests. Technically a HELOC is a mortgage loan, but it should be treated more like a car loan. Consumers can get approved for a car loan up to $150,000 in minutes, he notes. "Why should they have to wait 30 days for approval for what's really a safer loan?

"That's the experience CU members are seeking in fintechs."

THE MEMBER SERVICE ISSUE

In theory, HELOCs are a crown jewel in a credit union's member-service array. That's certainly the thinking at Wescom CU. HELOCs are a fantastic product, enthuses Smrcka. "The equity is there. It can unlock liquidity simply and efficiently."

HELOC financing is particularly member-friendly at CUs like Wescom that absorb the costs and offer them free to members as a stand-by facility. Members pay nothing unless and until they draw on the line, he explains, and then they pay only interest on the amount and for the time funds are drawn.

So, isn't having a HELOC a no-brainer for members who have equity? Smrcka thinks so. It makes sense for every member with equity to have one just in case, he says.

Not every Wescom CU member has a stand-by HELOC; it takes some time and effort to set one up, and members may be proud to own their homes free and clear. But processing has been streamlined at Wescom, and word of mouth is leading more members to set up stand-by lines, Smrcka reports.

Wescom CU gives members the option to tap a HELOC for a variable-rate draw and then convert that debt into fixed-rate. "They can convert and lock in their balance at a fixed rate if they wish," Smrcka explains.

But there can be a downside. HELOCs are touted as a great tool for debt consolidation. That's a clear benefit to a member—a single, lower-rate, visible debt balance to target ... unless the member uses the HELOC to restore card capacity and goes on piling up even more debt.

That can happen, Smrcka concedes. "We use education to encourage them to just use one or two cards and pay off the balance every cycle. It's a chance to encourage them to save."

That nice-guy free-HELOC approach, widely practiced, is drawing criticism from analysts like Jordan. "Credit unions falsely assume they serve members best by charging the lowest interest rate in town and assuming all the fees involved in originating the line," he says. "Most members want to maximize the equity in their homes in the fastest, most painless way possible."

Credit unions hoping to maximize HELOC opportunities need to address fees, Jordan says. "A lot will offer free lines as a member

> **"We see this as a chance to help our members buy Teslas. ... Without Origence, we'd never be able to do this."**
>
> – Erin Mendez, CCE

service, but they are expensive to originate—anywhere from $250 to $400 in cost to the CU."

Like no-fee credit cards that sit in a drawer, HELOCs can be dead weight on the income statement. He cites the case of one $5 billion CU that originated $70 million of HELOCs in a quarter, only 30% of which was drawn.

Credit unions need to recognize HELOCs as the cornerstone of financial wellness, Jordan asserts, and charge a fee for a package that members will accept. There can be an annual maintenance fee. There can be a minimum draw or minimum balance.

Jordan also thinks that conservative underwriting is holding credit unions back. While most CUs apply 80% and 90% loan-to-value lending standards, fintechs are attracting CU members with 100%, even 133% offers. "Fintechs are entering the HELOC and home equity lending space at a pace we have not seen before," he notes. "Some of the largest lenders, like Rocket Mortgage (*rocket mortgage.com*) and Loan Depot (*loandepot.com*) are now offering HELOC loans."

Not everyone agrees. Looser underwriting like 100% LTV works, Vipperman acknowledges. "It can bring in more loans. Should CUs do it? No."

Heartland CU sticks to 80% LTV unless the loan is to "a rock-solid borrower," Redman reports.

Credit unions are overly cautious for two reasons, Jordan explains: They're squeamish about having a second lien position, and they worry about liquidity pressure. The second lien issue is real, but limited housing supply and high valuations are also real and pretty stable, which should bring comfort to CUs.

The liquidity problem is easily addressed because HELOCs are pledgeable assets that CUs can take to the Federal Home Loan Banks for cash, Jordan points out.

HELOCs are often variable-rate, he notes, but there's a case for making them fixed. "If I were a CU CFO, I'd lock in a rate of 10% to 12%. When the cost of funds comes down, and it will, I'd lock in rates on every HELOC that comes in. It's not predatory. The member gets comfort, too, with fixed rates. It would set me up with asset/liability stability in the years ahead."

HELOCs work well in shifting, opportunistic situations, but CUs need to take the long, strategic view, Vipperman urges. "The goal needs to be what we want our portfolios to look like in the future and how we are going to get there."

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

HELOC *Securitization*

Home equity products have become popular and mainstream enough to support a market for securitized transactions that are originated by mortgage bankers and sold to financial institutions.

CUES Supplier member Spring EQ (*mortgage.springeq.com*), Conshohocken, Pennsylvania, originates, processes, underwrites and funds loans—dealing directly with homeowners or third-party originators. "We're the largest originator of home equity products that is not a bank or credit union," says Chuck Vaughn, VP/capital markets.

The company was formed eight years ago, Vaughn reports, by a team of savvy mortgage industry professionals who expected rates to rise along with investor demand for home equity products. When the interest rates began a sudden and dramatic increase in March 2022, Spring EQ was ready.

Currently, Spring EQ works with investors that include credit unions, banks and Wall Street firms. Spring EQ can deliver specific securities that match the credit requirements of individual investors. For CUs and banks, that usually means credit profiles around 70% loan-to-value, 735 FICO scores, and 35% debt-to-income. Yields now are in the 7.5-9% range.

Now that 82.4% of homeowners have mortgage rates below 5% and 62% are below 4%, Spring EQ believes that the home equity market will remain strong for the foreseeable future.

"My goal," Vaughn says, "is to help CU and bank clients manage yield, duration and concentration on their balance sheets."

MORE ON CONSUMER LENDING

Lending Consumer Research: Digital Isn't Enough for Today's Borrower (*cumanagement.com/0424digitallending*)

Leveraging Technology to Streamline Credit Union Lending (*cumanagement.com/0424lendingtech*)

Lending Perspectives: Empowering Members to Help the Planet and Their Pockets (*cumanagement.com/0424lendingperspectives*)

Lending Blahs (*cumanagement.com/1223lendingblahs*)

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

A Culture of *Compliance*

BOARDS PLAY A MAJOR ROLE IN ENSURING THAT CREDIT UNIONS MEET THEIR COMPLIANCE RESPONSIBILITIES.

BY DIANE FRANKLIN

It's a jungle out there. A regulatory jungle, that is. Boards are expected to provide effective oversight of their credit unions, which involves playing a major role in compliance. In an increasingly complex regulatory landscape, board members need to take full advantage of available resources to help them fulfill that role.

"One of the responsibilities of the board is to foster a culture of compliance," says Michael Edwards, whose law office in Upper Marlboro, Maryland, specializes in business, regulatory and compliance law for credit unions, credit union service organizations and fintechs (*creditunionslaw.com*). "The board needs to approach the operation of the credit union with an understanding of its compliance responsibilities and a commitment to fulfilling them. Boards that foster a culture of compliance want to do the right thing and are actively trying to do it."

Edwards points to NCUA rule 701.4 (*tinyurl.com/NCUArule701*), which spells out the fiduciary duty responsibilities for federal credit union directors. (State-chartered CUs have an equivalent standard under their state's laws based on either a statute or common law.) "The rule requires board members to manage the credit union in a reasonably prudent manner, which is like obeying the rules of the road. If you're being reasonably prudent even if something goes wrong, you're not at fault, the same as when you're driving a car."

Boards should work hand-in-hand with the CEO, senior management and compliance personnel to ensure their credit union is meeting its compliance requirements. "I like to describe compliance as happening at three different levels: the 10,000-foot level, the 5,000-foot level and the ground level," says Stephanie Lyon, VP/regulatory content strategy for Ncontracts (*ncontracts.com*), providers of risk and compliance management software, headquartered in Brentwood, Tennessee. "The ground level is where compliance officers need to live. They should be doing air traffic control, helping everyone, monitoring everything and being the catch-all, know-all of compliance issues for the institution."

The 5,000-foot level is the domain of senior management who have responsibility for specific compliance areas, Lyon continues. "If you're in lending, you should have a strong understanding of fair lending regulations, laws and expectations. If you're in operations or if you're in the digital space, you'll be looking at a different set of regulations and laws. Everyone at this level should have a good grasp of potential trouble spots. If something goes wrong, they need to know what to do to make it right."

Lyon explains that board members reside at the 10,000-foot level, providing compliance oversight for the entire credit union. "They don't need to be in the trenches doing the work with compliance and risk personnel, but they do need to ask the right questions and hold people accountable for having the right processes in place."

Boards that do best with compliance typically have directors who bring a broad range of experience to the table. "Bringing on board members who are more diverse—not just in ethnicity or gender but also in backgrounds—is going to strengthen your board and ultimately strengthen the credit union," says Jovilyn Herrick, senior director of client solutions at ViClarity (*viclarity.com*), a firm with headquarters in Des Moines, Iowa, and Kerry, Ireland, that offers governance, risk and compliance technology solutions, regulatory consulting and audit services for credit unions and other highly regulated industries. "Having been in the credit union management space myself, I've worked with boards for many years. I've come to appreciate that the best boards are those with people from different fields who offer a wide variety of perspectives."

Because of the growing importance of regtech—i.e., regulatory technology—Herrick suggests that board diversification include bringing in volunteers from the tech space. "They will ask questions that financial experts may not even consider, which is especially important in vendor due diligence."

AN EVER-CHANGING LANDSCAPE

The regulatory landscape for financial institutions changes constantly. Among the topics to watch in 2024 are Fair Lending (*tinyurl.com/mpjy82jr*), a crackdown on so-called "junk fees," artificial intelligence, a financial innovation rule (*tinyurl.com/ncuainnovation*), a proposed open banking rule, ongoing enforcement concerns of the Bank Secrecy Act ... the list goes on and on.

Edwards explains that the BSA is one of three main areas for which boards have compliance responsibilities (the others being safety and soundness of the credit union and consumer protection). The BSA imposes reporting and other requirements on financial institutions and other businesses as a key line of defense in detecting and preventing money laundering and other criminal activities (*tinyurl.com/fincenbsa*).

"The NCUA has a regulation (*tinyurl.com/ncua-748-bsa*) that requires regular BSA training for appropriate personnel, which includes board members and senior managers," Edwards says. "The training focuses on the importance of BSA regulatory requirements, the ramifications of noncompliance, the money-laundering and terrorist-financing risks posed to the credit union, and how to evaluate these risks. Credit unions have to do risk assessments that the board should review, because every credit union will have a unique risk profile based on such factors as field of membership and geographic location."

As an example, Edwards draws a contrast between a single associational common bond credit union for the air transport industry and a community-based institution. "Even if these two credit unions are in the same metro area, they would have radically different money-laundering, terrorist-financing risk profiles," he says.

> **"You need to ensure you have the bandwidth to handle everything that's coming in 2024 and 2025. If not, it could stress your institution to the breaking point."**
>
> — Stephanie Lyon

Lyon observes that there has been a rise in enforcement related to BSA violations, often caused by institutions not understanding their level of risk. "Many of these are smaller institutions, thinking, 'We don't have much BSA risk because of our size.' But asset size is less important than other factors. If you do a lot of cross-border transactions or operate in a high-intensity drug-trafficking or high-crime area, that would be more important in determining your BSA risk than asset size, and your BSA program needs to be commensurate with those risks."

It's important to be diligent in reporting suspicious activity to the Financial Crimes Enforcement Network (*fincen.gov*). Lyon acknowledges that monitoring transactions in search of suspicious activity can be burdensome for financial institutions.

"But it's a BSA requirement, so you need to have the right system and personnel to look through your transactions and report any suspicious activity using the suspicious activity reports," she explains.

"The board should be informed whenever the credit union files a SAR as part of senior management's monthly report to the board," Edwards stresses. "They need to know if there's a risk of money laundering or other illicit activity and be assured that the correct procedure of reporting that activity to FinCEN is being followed."

Another major concern in 2024 is the scrutiny on overdraft charges, which fall under the umbrella term of "junk fees." The Consumer Financial Protection Bureau's proposed rule would rein in excessive fees charged by the nation's largest financial institutions, defined as those that exceed $10 billion in assets (*tinyurl.com/cfpb-junk*).

Herrick recommends that boards stay on top of their CU's overdraft policies and strategy, as proposed CFPB rules may eventually impact smaller institutions. "At risk, without proper management, are noninterest income, competitive positioning, member trust and organizational reputation," she says.

Fair Lending is another major compliance area, covering a broad range of laws and regulations such as the Equal Credit Opportunity Act, Fair Housing Act, Home Mortgage Disclosure Act and a new regulation called the Small Business Lending Data Collection and Reporting Rule, Section 1071 of the Dodd-Frank Act, which governs the collection of lending data on

> **"Bringing on board members who are more diverse—not just in ethnicity or gender but also in backgrounds—is going to strengthen your board and ultimately strengthen the credit union."**
>
> — Jovilyn Herrick

Terms You *Should Know*

GRC: Governance, risk and compliance; focuses on staying compliant with external laws and regulations and the internal policies and procedures that work to detect, prevent and respond to the regulatory requirements and risks.

ERM: Enterprise risk management; focuses on risk across all business operations with the goal of identifying, managing and mitigating the overall risk to an organization.

IRM: Integrated risk management; focuses on the technical side of risk especially as it relates to IT and business systems.

BSA: Bank Secrecy Act; this law was passed in 1970 to combat money laundering in the United States.

SAR: Suspicious activity report; financial institutions are required to report known or suspected criminal offenses, at specified thresholds such as transactions over $5,000 that they suspect involve money laundering, terrorist financing or otherwise violate the Bank Secrecy Act.

FinCEN: The Financial Crimes Enforcement Network (*fincen.gov*), part of the U.S. Department of the Treasury.

Dodd-Frank Act: Enacted in 2010, this law reorganized the financial regulatory system in the aftermath of the Great Recession and created the CFPB.

CFPB: The Consumer Financial Protection Bureau implements and enforces federal consumer financial law and ensures that markets for consumer financial products are fair, transparent and competitive (*consumerfinance.gov*).

Junk Fees: Hidden or unexpected surcharges and fees. Visit the CFPB's page to learn more (*tinyurl.com/cfpb-junk*). California passed a law to prohibit junk fees that will go into effect July 1.

Fair Lending: The Fair Housing Act and Equal Credit Opportunity Act prohibit unfair and discriminatory practices (*tinyurl.com/mpjy82jr*).

credit applications for women-owned, minority-owned and small businesses (*consumerfinance.gov/1071-rule*).

"It's probably one of the bigger regulatory changes we've had in a while," says Lyon. "Fair Lending is a major focus right now, and financial institutions need to redouble their efforts to prevent discrimination, whether intentional or unintentional—and most of the time, it's the latter. Credit unions won't get a pass because of their past reputation. They'll have to be diligent to ensure that discrimination is not happening."

There's also concern in 2024 about a proposed rule that falls under Section 1033 of the Dodd-Frank Act, which will make it easier for consumers to access their data and share it with authorized third parties (*tinyurl.com/CFPB-openbanking*). Not only is this a competitive threat and an added cost for credit unions, but Edwards fears it will make institutions more susceptible to fraud. (For more information about this rule and other regulatory topics for 2024 read our online-only bonus coverage at *cumanagement.com/0524goodgovernance*.)

Lyon acknowledges that keeping track of frequent regulatory changes is a major undertaking for credit unions and their boards. "It's going to require a coordinated effort involving IT, compliance, risk, lending, operations and senior management to incorporate those changes. You need to ensure you have the bandwidth to handle everything that's coming in 2024 and 2025. If not, it could stress your institution to the breaking point."

TRAINING REQUIREMENTS

NCUA and state regulatory agencies require that credit union boards have adequate training on several topics, including finance and accounting practices, fiduciary responsibility, ethics, the BSA and regulatory compliance. "Credit unions with a good compliance culture typically stress the importance of training," Edwards says. "The training requirement is ongoing. Board members have initial training as well as updates."

Edwards notes that boards can get training through industry trade associations, conferences and their state credit union leagues. Additionally, "boards should be informed by senior management whenever there's a significant regulatory change," Edwards says. "They also can stay informed by subscribing to industry news alerts from CUES, America's Credit Unions (*americascreditunions.org*), *Credit Union Times* (*cutimes.com*) and others."

In addition to providing high-performance risk and compliance software, Ncontracts is an important educational resource to its clients. "The information we offer is open to anyone," Lyon says. "We just did a webinar called '2024 Regulatory

"The board should be informed whenever the credit union files a SAR as part of senior management's monthly report to the board. They need to know if there's a risk of money laundering or other illicit activity and be assured that the correct procedure of reporting that activity to FinCEN is being followed."

— Michael Edwards

Expectations and Enforcement,' covering everything that board members need to know about areas of compliance risk that are heating up this year" (*tinyurl.com/contracts-2024webinar*).

Lyon recommends that CU compliance officers watch the webinar and share the most relevant information with the board. "If you don't charge overdraft fees, for instance, you don't need to spend a lot of time discussing regulatory issues around 'junk fees.' But since credit unions are big in consumer lending, you do need to let them know the latest developments in Fair Lending."

Compliance officers also should share information generated by their compliance software program with board members, Lyon adds. "At Ncontracts, our role is to give the tools to the second-line personnel, so that they have the appropriate reports and information to bring up to the board and senior management. Our software makes it easier and less time-consuming for second-line people to create a story to tell their board and to explain complex things from a higher view."

ViClarity, meanwhile, has multiple resources for helping credit unions with compliance. Herrick leads and supports the Compliance Consulting and League Compliance Support teams, assisting credit union clients and affiliated credit union leagues with their compliance needs.

"My team is ready to assist in compliance with consulting services, special customized projects and more, providing guidance and recommendations on how to execute a plan," Herrick says. "Our GRC software complements those services, providing automation to centralize board reports and policies that the board should review. It also has a tracking system, which assists the CEO in managing and effectively seeking the involvement of the board."

Herrick encourages CU leaders to ask appropriate personnel where they are lacking in efficiency so that they can actively seek out appropriate technology solutions. "I highly recommend that you automate some of the process because that's the only way the board and senior management can have true oversight," she adds.

ViClarity also helps educate credit unions on compliance issues, partnering with state credit union leagues to provide in-person and online training options. Additionally, the company offers training courses that are customizable to an individual CU's needs. "Each credit union has different gaps or weaknesses they want to focus on," Herrick says. "We home in on their needs after having an initial conversation with them."

Herrick recommends that board members take a multifaceted approach to compliance education. "In addition to the required annual training that credit unions are so good at providing, boards should be getting information from their monthly meetings, from their CEOs, along with external training that gives them the perspective of what's going on from the industry," she says. "That combination will enhance their knowledge and involvement so that they can weigh in with effective feedback."

Lyon stresses the importance of giving second-line compliance personnel regular access to the board so that they can regularly educate them on regulatory matters. "I'm a firm believer in microlearning," she says. "It's much more effective than having just one annual training. We know how valuable a board member's time is, which is why I believe it's important to make micro-education happen."

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

MORE ON COMPLIANCE AND RISK

Governance+ Video: Why Should Risk Management Be Top-of-Mind for Boards? (*cumanagement.com/050224video*)

Good Governance: Where Was the Supervisory Committee at Silicon Valley Bank? (*cumanagement.com/0723goodgovernance*)

Considering the Six Elements of Risk in the Wake of Several Bank Failures (*cumanagement.com/0323bankfails*)

Talent Lessons Learned From the Silicon Valley Bank Failure (*cumanagement.com/0323svbtalent*)

On Compliance: Would the U.S. Constitution Require Treasury to Pay Credit Unions for Open Banking Rule? (*cumanagement.com/0124oncompliance*)

Empowering Women *Through ERGs*

EMPLOYEE RESOURCE GROUPS OFFER A PATH FOR TEAM MEMBERS TO EMBRACE YOUR CU'S MISSION—AND TO GROW PERSONALLY AND PROFESSIONALLY.

BY STEPHANIE SCHWENN SEBRING

Creating a corporate culture that mirrors your mission and values is crucial to credit unions—and indeed, any employer—today. Employee resource groups are emerging as pivotal platforms for fostering diversity, inclusivity and employee engagement. The Great Place to Work Institute (*tinyurl.com/greatplaceergs*) describes ERGs as "voluntary, employee-led groups whose aim is to foster a diverse, inclusive workplace aligned with the organizations they serve." When implemented strategically, they can become much more.

Consider these stats (*tinyurl.com/w4un7ppa*):

- 90% of Fortune 500 companies have an ERG.
- ERGs can result in a 39% increase in job satisfaction.
- There has been a 29% increase in employee engagement by ERGs over the past five years.

Below, three credit union leaders share their insights on ERGs and the niche they've found in their respective workplaces.

SANDIA LABORATORY FEDERAL CREDIT UNION: LAUNCHING THE WOMEN'S INITIATIVE NETWORK

BJ Jones, chief diversity and impact officer at $3.6 billion Sandia Laboratory Federal Credit Union (*slfcu.org*), Albuquerque, New Mexico, has witnessed the evolution of ERGs at her organization. Notably, Jones' own career trajectory at SLFCU has been central to the initiative, underscored by her commitment to nurturing a diverse culture and a human resources and organizational development background dedicated to fostering cultural diversity and excellence.

"Introducing ERGs was a strategic move to provide a platform for underrepresented groups—to amplify their voices and exchange ideas," explains Jones. "These groups empower diverse identities across gender, race, sexual orientation, ability and more. The Women's Initiative Network (known as WIN), our first ERG, specifically addresses the needs of female employees and their allies."

Ensuring the ERG supports the needs of a credit union's workforce is fundamental. "The Women's Initiative Network, being our first ERG, was established to focus on SLFCU's largest employee demographic—women," says Jones. "It's designed to foster dialogue and support professional and personal growth. The success of this group has also helped us prepare the foundation for future ERGs."

A Structured Approach: Jones notes that each ERG must operate with a clear structure. Initial steps included defining guidelines, gauging staff interest, drafting a purpose statement and identifying executive champions. "Any potential group must align with SLFCU's purpose and values and have clear roles and responsibilities," adds Jones.

"Upon approval, each ERG receives an annual budget and identifies relevant KPIs (key performance indicators) to measure impact."

For example, Jones serves as the executive sponsor for WIN, while two vice presidents act as champions. "This structure ensures that the group remains employee-led, encouraging active participation and leadership from within the group," she says. "Group activities include community engagement, career development and event planning."

While being employee-driven, Jones notes that executive champions still play a crucial role in strategic alignment, advocacy, increasing participation and creating a supportive environment. They also help integrate ERG activities within the broader organizational culture. For example:

- Strategic Alignment: The champions ensure alignment between the ERG and senior leadership, provide crucial business insights and advocate for the group.
- Increased Participation: Executives champion ERG efforts by attending events, promoting participation and communicating the value of these programs.
- Supportive Environment: Champions are allies in creating a psychologically safe workplace and investing in the professional development of ERG leaders.

Challenges and Achievements: Initially, Jones faced challenges in ensuring participation and buy-in across different levels of the organization. However, the CU's structured approach and strategic selection of the credit union's first ERG ensured a focused, impactful implementation.

She reiterates the importance of meeting your workforce's unique needs while ensuring top-level support. "These groups support underserved employees and contribute significantly to organizational culture while fostering trust and engagement—creating a win-win solution for all."

ENT CREDIT UNION: WOMEN EMPOWERED

Under the leadership of CUES member Mollie Bell, chief development officer for $10 billion Ent Credit Union (*ent.com*), Colorado Springs, ERGs characterize a dynamic, employee-focused corporate culture.

In the summer of 2020, Ent CU introduced its ERG program. One group, Women Empowered (known as WE), is designed to encourage and inspire women. Initiated by a passionate group of female leaders, WE was founded on the principles of "LIFTTed"—an acronym representing Leaders, Inclusive, Fulfilled, Trailblazing and Tenacious.

"WE has evolved from focusing primarily on advocacy to being a resource-rich, support-oriented group," explains Bell. "It offers multiple opportunities for professional growth, ranging from book club discussions and workshops on effective communication to sharing inspiring stories about overcoming challenges and celebrating individual successes."

Networking within the group has been another significant advantage, as have impactful mentorships. According to Bell, these naturally formed mentorships among members have offered members of WE specific insights and coaching. "This guidance has facilitated career progression and fostered lasting friendships," she adds. The group has also participated in "numerous fun activities, like curating playlists of female-empowering music, supporting female-owned businesses, and participating in events and conferences."

Today, each ERG at Ent CU must undergo an application process requiring a governing charter and board. "The purpose and activities of each group must align with our commitment to a culture of belonging and diversity," says Bell. "The focus should include advocacy, professional development, community outreach and belonging, while management plays a supportive role, providing sponsorship and funding."

Defining Success: Measurable results have been vital to understanding success, with Ent CU using tools like the Gallup Q12 (*gallup.com/q12*) and the Culture of Inclusion Assessment (*tinyurl.com/gallupcoiassess*) to gauge the effectiveness of the overarching ERG strategy. Key findings since implementing its first ERG include:

Higher Gallup engagement scores among ERG members.

- Ent CU's overall Gallup Q12 engagement scores in 2022 and 2023 were 4.32 and 4.33, respectively. Currently, the credit union is in the 95th percentile of engagement for organizations this size.
- In 2022, for survey participants who are members of an ERG, the engagement rate was 4.37. In 2023, ERG members' engagement was 4.39.

Greater positive feedback on the culture of belonging and thriving.

- In 2023, the credit union began to measure belonging and thriving—two different but related measures—through its annual employee engagement surveys. The thrive index measures employees' current and future resiliency, and belonging is measured by asking whether employees can show up as themselves.
- Both indicators in 2023 were more substantial for those Ent CU team members who participated in ERGs. Given that this was a baseline survey, the credit union will monitor it again during 2024.

Strategic improvements in employee engagement and resource allocation.

- Bell reiterates an ERG's role in fostering professional growth. "We've seen enhanced employee engagement and discovered new ways to offer additional developmental opportunities. In 2024, we plan to further support these initiatives by introducing stipends for ERG board officers while continuing to provide an annual budget for group activities."
- Each ERG is allocated a $5,000 budget, which covers a variety of needs, such as engaging speakers, contributing to community nonprofits with aligned missions, purchasing co-branded merchandise (featuring both the Ent and ERG logos) and covering other event-related costs such as food. The stipends for board officers are intended as gifts of appreciation for their efforts in steering and amplifying the impact of their respective ERGs.

BJ Jones and attendees applaud at a SLFCU WIN kickoff event held at a local Indigenous women-owned brewery.

Challenges and Evolution: Like any new undertaking, launching the ERG program at Ent CU hasn't been without obstacles. "For example, adapting our goals to include 'belonging' and 'thriving' indices required a nuanced understanding of employee needs," Bell explains. "We considered the importance of mental and emotional wellness overall for team members—how they feel both at work and in their personal lives. A better understanding of these factors has allowed us to allocate resources in ways that, hopefully, impact lives in a much bigger way."

Bell also maintains that ERGs must strike a balance between employee-led governance and executive support. "Our goal as executives is to support team members without being heavy-handed or controlling, allowing team members to take on new accountabilities and collaborate to create spaces that feel safe and foster a sense of belonging," she adds.

Looking to the future, Bell sees an ongoing presence for ERGs in her credit union, emphasizing the importance of belonging as a cultural strategy. "Our approach to ERGs is a testament to the power of employee-led initiatives while fostering an inclusive, thriving workplace," she concludes. "We've created a winning formula by empowering employees, respecting their diversity and aligning these groups with organizational goals."

KINECTA CREDIT UNION: INTRODUCING THE KINECTA 99S

In an era where workplace diversity and inclusivity are pivotal for organizational success, $6.8 billion Kinecta Credit Union (*kinecta.org*), Manhattan Beach, California, sets the standard with its women-focused ERG, the Kinecta 99s. Consider these insights from CUES member Kim Graham, SVP/chief people officer at Kinecta, as she outlines the initiative's inception, structure, impact and evolution.

Structure and Operation: The Kinecta 99s group was established in 2018, deriving its name from Kinecta CU's rich history

"We've created a winning formula by empowering employees, respecting their diversity and aligning these groups with organizational goals."

– Mollie Bell

with Hughes Aircraft: The 99s, the ERG's namesake, is an international organization of female pilots founded by 99 women in 1929. (Amelia Earhart was the first president.) Graham notes that the ERG emerged from a grassroots employee initiative by a few women who felt a need for a collaborative networking platform for women within the CU.

"They started meeting to discuss creating a supportive environment, and the 99s were born," Graham says. "The group became an official ERG several years later when Kinecta launched a company-wide effort to form other ERGs to support the different needs of employees."

Today, the group is dedicated to empowering women through various means and is open to anyone from Kinecta CU. Priorities include facilitating networking, providing development support and fostering leadership advancement.

Specific Goals:

- Providing a safe, supportive space for discussion on women-centric issues. Issues include work-life balance and women in leadership.
- Advocating for well-being in family, health and workplace. Ideas have centered on work-life balance, healthy living and creating a supportive environment at work.
- Offering resources and opportunities towards greater equity. These include sharing relevant webinars and books (through the Kinecta 99s book group) and lunch-and-learn sessions featuring such topics as breast cancer awareness.

Graham notes that promoting women's advancement in leadership through informal mentoring and sponsorship has been central to success. "All ERGs are employee-driven; when employees show an interest, they must collaborate with the human resources department to find an executive sponsor, which is essential for guidance and support," she adds. "Each ERG has a leader and co-leader, ensuring structured governance."

Executive buy-in has also been pivotal to the success of the group. "We recognized a need within our organization for employees to discuss issues affecting women," says Graham. "We wanted to ensure we offered a safe and inclusive space for open, supportive and honest conversations."

When forming the Kinecta 99s, the founding members had many objectives, with these top priorities:

- Executive buy-in—securing top management support, which is crucial for sustainability;
- Employee interest—utilizing surveys or focus groups to help gauge the need for such groups;
- Charter development—outlining clear goals and objectives;
- Leadership and executive sponsors—assigning executive sponsors and leadership roles;
- Budget—ensuring adequate funding for ERG activities; and
- Events and promotion—organizing activities that foster engagement and growth.

Success and Evolution: Since its inception, the Kinecta 99s group has made significant strides, with its influence extending beyond individual growth to contribute to a more inclusive and diverse organizational culture. Recent initiatives include:

- Hosting webinars and events focusing on women's issues, like breast cancer understanding and International Women's Day celebrations.
- Offering an informal women's mentorship program and establishing family-friendly workplace initiatives, such as designating parking spots for mothers-to-be and families.
- Contributing to members' professional development, evidenced by members' participation in Kinecta's leadership programs.
- Partnering with other ERGs to deliver programming that impacts a diverse range of ERG initiatives.

While the core goals of the Kinecta 99s have remained consistent, the group continually looks for new ways to get the message out to the organization and focuses "on creating more opportunities for women within the credit union sector," notes Graham. "We've seen great success, marked by participation in events, noted advancement of women in the workplace and the feedback received about the impact the support group has had on individuals."

Read about one more ERG, $5 million UW Credit Union's Women's Initiative Network, and a blueprint from Sandia Laboratories FCU for successfully forming ERGs in the online version of this article at *cumanagement.com/0224awergs*.

Owner of Fab Prose & Professional Writing, **Stephanie Schwenn Sebring** *assists credit unions, industry suppliers and any company wanting great content and a clear brand voice. Follow her on Twitter/X @fabprose.*

MORE FROM ADVANCING WOMEN

Full article: Empowering Women Through ERGs (*cumanagement.com/0224awergs*)

Profile: Into the Unknown (*cumanagement.com/0524mjneusaenger*)

Video: Management, Leadership and Great Leadership (*cumanagement.com/video050124*)

Women & Worth: Understanding the Opportunity & Advancement Gap (*cumanagement.com/0524awoppgap*)

Unraveling *AI's Prediction Potential*

WHY CREDIT UNIONS SHOULD WELCOME OUR ARTIFICIALLY INTELLIGENT OVERLORDS WITH A HEALTHY DOSE OF SKEPTICISM

BY DANIELLE DYER

MORE ON AI

Can HR Be People-Centric and Data-Centric? (*cumanagement.com/0524hrai*)

The AI Advantage (*cumanagement.com/0524srai*)

Resources for Artificial Intelligence (*cumanagement.com/0324resourcesai*)

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

People are wary of artificial intelligence. They're wondering if AI will turn out to be just another trend or buzzword that fades in time. They're simultaneously worried that AI will take away their jobs. (In fact, 77% of people are apprehensive about AI-related job loss, according to *Forbes, tinyurl.com/46ubhpth*.)

"The press is apoplectic about it," said Joshua Gans, sharing such dramatic headlines as "How AI Could Change Computing, Culture and the Course of History" (from *The Economist, tinyurl.com/3hydb5tc*) and "Why I Welcome Our Future AI Overlords" (from Politico, *tinyurl.com/pj6n2f85*). Gans is a professor of strategic management and Jeffrey S. Skoll Chair of Technical Innovation and Entrepreneurship at the Rotman School of Management, University of Toronto, and presented "From Point Solutions to System-Wide Integration: Unraveling AI's Hidden Potential in Business" at CUES' 2023 Directors Conference in Maui (*cues.org/dc*).

Reactions to AI range from enthusiasm to great fear, Gans noted; there's so much concern and attention in general that his team has been researching it and the "problem" of AI adoption in business.

QUASHING THE HYPE

In Gans' own words, his Directors Conference presentation was the "desexification of AI"—he took an interesting topic and made it boring while stripping away the hype.

"Hype leads to large investments, and large investitures in this kind of market lead to a lot of waste," he explained.

Gans shared an excerpt from a 2020 *Forbes* article (*tinyurl.com/2xb8sawk*): "In a survey of more than 3,000 company managers about their AI spend, only 10% reported significant financial benefits from their investment so far." That's after spending more than $50 billion on AI systems in 2020. "By 2024, investment is expected to reach $110 billion," the article continues. That's a lot of investment for only 10% of companies to see real ROI.

To cut through the hype, Gans discussed four key points based on his research with Rotman colleagues Ajay Agrawal and Avi Goldfarb:

1. Today's AI is **prediction** technology.
2. The transformational opportunities for AI come from developing **system-level solutions**, not point solutions.
3. System-level solutions take **time** to emerge.
4. When system-level solutions do emerge, they will **disrupt**.

PREDICTION

Simply (boringly?) put, AI is an advance in computational statistics.

"It's just prediction," said Gans. AI uses information that you *do* have to generate information that you *don't* have. So the real effect of the rise of AI is a drop in the cost of prediction, which can take a lot of time, effort and money when done manually by humans.

Do cheap predictions lead to innovation?

Well, yes—but maybe not the kind we've been dreaming about. Here's where the business problem comes in: We need to manage our expectations of AI. "Expecting perfection is over-expecting," Gans explained. AI can do a good job of predicting—better than a human—but it won't be perfect. Perfection is a barrier to applying AI in some of the life-altering ways we expected to be reality by now.

For instance, we still don't have fully self-driving cars. "After spending $2.5 billion over five years, Uber is still far from delivering its self-driving vehicles," says the aforementioned *Forbes* article. In 2020, "engineers at the ride-hailing company concluded that its self-driving cars couldn't drive more than half a mile before encountering a problem."

Why? "Driving is a prediction problem," Gans said. "When you're teaching a teenager to drive, the teenager has a basic grasp of what to do—stop if there's something stopped in front. Go if it's clear. When you scream at the kid, 'Didn't you see the pedestrian in the road?' you're not yelling

> **"Expecting perfection is over-expecting."**
>
> – Joshua Gans

about their basic ability to drive but their inability to predict the behavior of the surroundings.

"There is always going to be some randomness in driving," he noted. "There's always going to be a car stopped on the side of the road. There are millions of cars on the road." That randomness, or the inability to predict, is enough to stop us from allowing AI to drive our cars. Pretty good isn't good enough.

On the other hand, reducing the cost of arithmetic through the use of semiconductors in calculators and computers led to digital music and video games, Gans pointed out.

If quick, cheap math can revolutionize the creation and distribution of art and entertainment, what can fast, high-volume predictive capability revolutionize? Perhaps we still need to manage expectations. For now, let's pose the question: "What can fast, high-volume predictive capability make better?" That's easier to answer in the financial services industry.

Managing fraud is an excellent example. Gans illustrated by recounting his experience with an annual fraud-detection false positive. Each year, he would take a trip to Florida. Each year during that trip, he would buy a new pair of running shoes. "It'd be flagged as fraud every single time," he said. "Why? ... Because they noticed that I don't seem to buy a lot of shoes. I would literally wait there for the [fraud alert] text."

This issue has been resolved, Gans said, now that his credit card company's fraud-detection system has enough information to identify a regular pattern. He's been taking this trip long enough, and AI can sift through his history quickly enough, to determine the purchase is predictable behavior and allow it to go through.

Human resources is another area where AI is introducing significant efficiencies. But Gans noted that the idea of using AI in HR often is met with pushback. "'This doesn't apply to me because I deal with people.' I have news for them: HR is one of the areas where prediction is the job."

THE REVOLUTION IS SYSTEM SOLUTIONS

Improved fraud detection and HR automation are great benefits. But "the transformational opportunities for AI are from developing system-level solutions, not point solutions," Gans said.

Let's get back to Uber—or rather, pre-Uber—to explain the difference.

In London, taxi drivers had to spend two to three years studying to pass "The Knowledge" exam, memorizing the entire map of metro London and learning the shortest path between two points at a given time.

Enter navigational AI. "Now people have The Knowledge in their pocket," Gans said. "We could drop you into the middle of London with a car and an iPhone, and you could drive people around."

Navigational AI was originally developed as a point solution to help professional drivers, he noted, not for you and me and our ride-share drivers. The business case was for AI to help taxi drivers to predict surges in activity, so the drivers could be in the right place at the right time, increasing efficiency and fares.

As it turns out, navigational AI had almost zero impact on professional, highly skilled drivers. Instead, it primarily helped unskilled drivers. The AI solution enabled people without skills to act as if they had skills, Gans explained.

Thus, a system solution was born. Uber's founders recognized the business application of substituting AI for skill. A new system of transportation—ride sharing—was created "because navigational AI allowed a much larger pool of people to navigate successfully," he said.

Today, we have various point solutions for AI, such as fraud detection. We also have such application, or platform, solutions as Occulus (*meta.com*), ChatGPT (*chat.openai.com*) and other generative AI platforms—foundational tools that can be used to create new workflows and point solutions. What we're currently lacking are system solutions based on those tools. "Without that, transformation will not occur," Gans observed.

THE TIME BEFORE DISRUPTION

Don't despair, AI enthusiasts. "System-level solutions take time to emerge," Gans said.

We're currently in the between times for AI—"the time between the demonstration of the technology's capability and the realization of its promise reflected in widespread adoption."

After electricity was first introduced, Gans explained, the "turning point was the discovery that electricity could be distributed." In manufacturing, it was initially used to increase fuel efficiency and cost savings in factories. As adoption grew and factories were freed from their power source, electricity was used in more and more applications, and we began to see innovation in factory design. This led to optimized configuration, more efficient use of materials and modularization. (You may be familiar with Ford Motor Co.'s 1913 assembly line and the genesis of mass-produced automobiles.)

AI is the new electricity. It's just in its early-1900s phase. As electricity allowed factories to be decoupled from their power source, AI allows judgment to be decoupled from the predictions those judgments are based on. Applying AI is "not just a question of machines making decisions, but different people getting to make decisions," Gans said. Previously, a single human or group of communicating humans was responsible for both prediction and making a judgment based on that prediction. Now, since AI can take on the burden of prediction, different humans—perhaps those with less predictive capability but better judgment-making capability—can take on the burden of making decisions.

"ChatGPT requires judgment," Gans reminded attendees. When you write a letter with ChatGPT, you must first decide how to prompt it, and later decide whether or not to send the result. It's not (yet) writing and sending itself.

As adoption of decision-enhancing solutions increases, it seems likely we'll draw nearer to a real AI-driven system-level solution. But it's important to remember point No. 4: When system-level solutions do emerge, they will disrupt. And they might disrupt an existing system or shiny new point solution in which the industry has already heavily invested.

Danielle Dyer *is an editor for CUES.*

CUES Advanced Management Program
from Cornell University
July 10, 2024 – April 1, 2025 | Online

Looking to Fill Your Leadership Pipeline?

Send your emerging leaders to the CUES Advanced Management Program from Cornell University. In just nine months, they will:

- Understand what it takes to be a successful executive by exploring eight C-suite roles
- Learn directly from top Ivy League faculty
- Be ready for advancement when the opportunity arises
- Earn their Certified Credit Union Executive Manager (CEM) designation and an Executive Certificate in Management and Leadership from Cornell University and CUES

Class starts July 10—don't wait, register your future leaders today at **content.cues.org/amp**!

CUES POTENTIAL, REALIZED.™ | eCornell

36 Rising Stars Selected *for 2024 CUES Emerge Program*

Thirty-six emerging leaders with the potential to make a lasting impact in the credit union industry have been selected to participate in the prestigious 2024 CUES Emerge program (*cuesemerge.com*), offered in partnership with Currency Marketing (*currencymarketing.ca*).

The cohort (*cuesemerge.com/2024-cohort*) was selected from a competitive pool of 121 applicants. They hail from 15 U.S. states and two Canadian provinces and represent 25 distinct roles within the credit union industry.

Participants will receive tailored coaching, training and invaluable resources to enhance their leadership acumen and strategic thinking abilities.

They will also benefit from participating in Mastermind groups, refining their ideas into compelling business cases and competing to be named the 2024 CUES Emerging Leader.

The Masterminds are an integral part of the CUES Emerge program. Each will support six participants, helping them connect the learning to their business case and supporting them through the competition phase. They are:

- **Jana Chamberlin, CCM**, instructional design manager, Northwest FCU, Herndon, VA;
- **Zachary Churchill, CCM**, VP/consumer & mortgage lending, Achieva CU, Dunedin, FL;
- **Jayde DelGado, CCM**, VP/member experience, American Lake CU, Tacoma, WA;
- **Lyla Elliott, CCM**, director/consumer loan production, TwinStar CU, Olympia, WA;
- **Alex Hsu, CCM**, VP/planning & change management, SchoolsFirst FCU, Tustin, CA; and
- **Amber Stutzman, CCM**, people experience business partner, Oregon Community CU, Springfield, OR.

All Masterminds are previous participants in the CUES Emerge program. Additionally, the group has three CUES Emerging Leaders; Hsu took home the honor in 2021, Churchill in 2022 and DelGado in 2023.

Upon completion of the education phase, a judging panel will review business cases for those self-selecting into the competition phase and identify the Final 5 to move forward in the competition. The Final 5 will further refine and evolve their business cases in preparation for the live pitch show on Oct. 2 at 2 p.m. ET.

Each of the Top 3 winners will receive a tiered educational package plus a leadership assessment and coaching to support continued development and growth within the industry. The leadership assessment and coaching will be provided by Envision Excellence (*lauriemaddalena.com*), an executive coaching and leadership development organization.

The ultimate winner will be recognized as the 2024 CUES Emerging Leader during the annual CUES Awards online event in the fall.

See the 2024 CUES Emerge cohort members and follow along with their journey at *CUESemerge.com* or #CUESEmerge on social media.

Online Learning

CUES Virtual Classroom sessions and all program playbacks are free to CUES members. Learn more at *cues.org/events*.

JUNE 11
CUES Virtual Roundtable: Board Liaison Community

JUNE 18
CUES Quarterly Leadership Connection: CUES Learning Portal Course—Making Decisions

JUNE 20
Virtual Classroom: Suits and Skirts: The Battle for Corporate Power

JUNE 20
Virtual Classroom: Negotiation Essentials for Effective Leadership

JULY 9
CUES Virtual Roundtable: Human Resources and Learning & Development Community

JULY 10, 2024-APRIL 1, 2025
CUES Advanced Management Program from Cornell University

AUG. 6-8
Board Liaison Workshop

AUG. 13
CUES Virtual Roundtable: Employee Resource Group Community

AD INDEX

To advertise, email *westonk@cues.org* or *carlak@cues.org* or visit *cues.org/advertise*. CUES members, partners and Supplier members are noted in **bold**. CUESolutions providers are noted in yellow.

2024
LEARNING & EVENTS **CALENDAR**

CUES
POTENTIAL, REALIZED.™

FEATURED EVENT

CUES Execu/Net™

Big Sky, MT • August 18-21, 2024 • cues.org/en

"Business as usual" stops here. Set your credit union up for a successful future at Execu/Net while reflecting on your credit union's goals and direction in a setting that's uniquely suited to high-level thinking. This one-of-a-kind conference combines an innovative agenda, expert speakers, phenomenal networking opportunities and a spectacular location … all working together to create a transformative experience for CEOs, senior execs and board members.

JULY 2024			
CEO Institute III: *Strategic Leadership Development*	*Darden School of Business* University of Virginia	**July 28–Aug 2**	cues.org/INST3-Summer
Director Development Seminar	Monterey, CA	**July 30–Aug 1**	cues.org/DDS
Supervisory/Audit Committee Development Seminar	Monterey, CA	**July 30–Aug 1**	cues.org/SCDS
AUGUST 2024			
Execu/Net™	Big Sky, MT	**Aug 18–21**	cues.org/EN
DECEMBER 2024			
Directors Conference	Nashville, TN	**Dec 8–11**	cues.org/DC
Board Liaison Workshop	Nashville, TN	**Dec 8–11**	cues.org/BLW
2024 ONLINE PROGRAMS			
CUES Advanced Management Program from Cornell University		**July 10, 2024–April 1, 2025**	cues.org/AMP
Board Liaison Workshop		**Aug 6–8**	cues.org/BLW
CUES RealTalk! Series		**TBD**	content.cues.org/RealTalk

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

It's not too late! Register for the Director Development Seminar (**cues.org/dds**) or Supervisory/Audit Committee Development Seminar (**cues.org/scds**) today.

The stage is set.

Join us for a rockin' Directors Conference —
save your spot before the show sells out!

Directors Conference

Omni Nashville Hotel
Nashville, TN | December 8-11

CU Directors, join CUES in Music City this December to expand your perspective of industry trends and to take a deep dive into the governance and strategy issues currently impacting your credit union.

Our expert speakers will cover a wide range of topics, including leveraging M&A for growth, building more inclusive teams, cybersecurity risk management, business in an AI-first world and more.

As a bonus, this year's convenient location enables you to bring your entire board! CUES can even help you arrange an on-site board meeting—just let us know when you register.

Learn more and register today at **content.cues.org/DC**.

CUES
POTENTIAL, REALIZED.™

How to Develop a Solid Success Structure *for Learning*

BY LESLEY SEARS

Sometimes we set big learning goals—so big that they're daunting. For example, how many credit union leaders do you know who've said, "My goal is to get promoted in two years," but they've never quite managed to do what it takes to get there?

A technique I recommend for accomplishing big learning goals is to build a structure for learning that includes breaking down big goals into smaller, attractive ones. This allows you to celebrate each success along the way and measure your progress toward achieving your larger goal. This practice helps build a reinforcing cycle where each learning milestone helps to propel you toward the next.

In the case of your striving for a promotion in two years, a good learning structure would start with talking with your supervisor to find out what you need to do to move up to the next level, then break down those things into small steps.

In his book, *Atomic Habits: An Easy & Proven Way to Build Good Habits & Break Bad Ones*, James Clear suggests applying these four ideas toward creating habits that will help you achieve your goals:

1. **Make it obvious.** For example, if your first stepping stone toward your promotion is to take a course on time management, leave the tab with your online course open in your browser even when you're working on other things. Keep it visible!
2. **Make it attractive.** Continuing with our example, choose a course format that appeals to you. If you love to watch videos, take a video course. If you're an in-person person, seek out a time management seminar you can attend.
3. **Make it easy.** Maybe you learn best with a cohort. If that's the case, see if any of your colleagues have the same goal and would want to take the course with you.
4. **Make it satisfying.** Find ways to feel good about taking the time to achieve your milestone. Maybe you ask a colleague to be your cheerleader whenever you tell them you've done another chunk of your coursework. Maybe you give yourself badges or certificates along the way to celebrate your progress.

Do the opposite to get rid of bad habits, Clear advises: Make them invisible, unattractive, difficult and unsatisfying. When you do these things, you'll find your efforts will have a loop structure, with accomplishing each goal being a satisfying pleasure that drives a craving to approach and accomplish the next one.

This structure works well for teams too. Maybe your team has a goal to get better at project management this year. Let's say you define success as having 75% fewer missed deadlines. Your smaller steps might include having everyone on your team take training on how to use your project management tool, undertaking a pilot project during which everyone examines the team's use of the tool and having each team member help present the findings.

How could you make this effort visible? Maybe you set up a progress bulletin board in the office or a project management dashboard for a hybrid or remote team.

How could you make it attractive? Maybe your weekly progress update meetings include sweet treats or great music.

How could you make it easy? Consider how much time per week is realistic for team members to spend on this project. Then stick to not going over that time limit.

How could you make it satisfying? Remind team members that success with the project will eliminate friction when undertaking future projects.

Lesley Sears *is VP/consulting services for CUES and leads CUES Consulting, which provides talent strategy support to credit unions of all sizes.*

Read the full post and leave a comment at cumanagement.com/042924blog.

"In my experience in being a follower of strong leaders, ... I've seen how powerful it is [to ask for help] in terms of driving engagement with people. And I've tried to role model that as well, because I think people respond well to vulnerability. ... It's the involvement of others on your team that helps to really flesh [out ideas] and help to create a path that you can follow."

Cheryl Middleton Jones, *chief people officer for CUESolutions provider Velera* (velera.com), *in "Management, Leadership and Great Leadership":* cumanagement.com/video050124