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6 KEY FACTORS *in Workforce Planning*

HR leaders need to be strategic in assessing and developing talent.

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Headwinds Challenge Business Membership Growth

CUs may be ready to build a commercial loan portfolio and provide services to business members, but fintechs and other non-traditional financial institutions aren't going to make it easy.

cumanagement.com/0324headwinds

CUES Video

Use Mentorship to Develop Future Leaders—and Yourself

Emma Hayes, CUDE, I-CUDE, CDP, MEd., chief learning and engagement officer for State Employees CU, Raleigh, North Carolina, discusses the importance of and top tips for mentorships.

cumanagement.com/video030124

Visit Us Online!

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

CUES Podcast

Manage Fintech From Both the Bottom Up and the Top Down

Fintech is at the top of many credit union leaders' worry list for 2024. Scott Snyder, a recognized thought leader in technology and digital transformation for Global 1000 companies, has ideas for how to approach these concerns that should be steadying.

cumanagement.com/podcast159

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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

WHAT AI TRENDS ARE YOU TRACKING?

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

Resources for *Artificial Intelligence*

In our cover story this month, we examine "6 Key Factors in Workforce Planning."

One of the factors is AI and automation. As a content creator and strategist, I have been watching artificial intelligence closely and experimenting with it. We've been using AI for more than a year to create transcripts of our podcasts, videos and webinar playbacks. This is an easy use case to justify, as transcribing audio is a painstaking and boring task. Using OtterAI to do it saves hours of staff time. We *do* label each transcript as having been generated with AI to both be transparent and to flag it as likely imperfect. (In the beginning, for example, the machine kept referring to CUES members as "accused members.")

I'm going to keep learning and experimenting. To do so, I'm keeping a list of resources and tools, which I thought might be beneficial to you as well. What would you add to my list?

First, CUES members have shared perspectives and policies in CUES Net. Visit *cuesnet.cues.org* and search for "AI." There is at least one AI policy available. Additionally, check out:

- "AI From A to Z: The Generative AI Glossary for Business Leaders" from Salesforce, which is very comprehensive (*tinyurl.com/yth6fpa2*);
- this video about the AI Risk Management Framework from the National Institute of Standards and Technology (*tinyurl.com/zn5z4e3m*); and
- a directory of AI tools (*futurepedia.io/ai-tools*).

Read about all six factors impacting the modern workforce in our story on p. 10. And if you're ready to think more about AI and how it will transform your work, attend CUES' CEO Institute: *FinTech* next month at the Cornell SC Johnson College of Business's New York City campus. Visit *cues.org/fintech* or scan the QR code below.

Finally, please join me in sending well wishes to CUES Senior Editor Lisa Hochgraf, who is moving on to a new opportunity. Her last day at CUES was Feb. 28. Over her 25-year tenure with CUES, Lisa has been a supportive colleague, a credit union expert, and an outstanding writer and editor. She was one of our first remote workers, back when we called it "telecommuting." In true CUES fashion, she has been a continuous learner. In recent years, she added podcast and video hosting to her skillset. She also committed to learning and writing about DEI. Read one of her final pieces for *CU Management* on p. 22 of this issue. I could go on and on. We will miss her very much and wish her great things in her next role.

Theresa Witham
VP/Publications & Publisher

P.S. Scan this QR code for more information on CEO Institute: *FinTech*.

The Credit Card Pull
Attract the next generation

Many younger adults have yet to select a primary financial institution for their banking and borrowing needs. As a result, their loyalty is up for grabs, and a CU's credit card offerings and values may be a powerful tool to securing it.

When choosing a credit card product, millennial and Gen Z members are keenly interested in no-fee, low-interest reward cards that reflect their lifestyle and values. Offering competitive reward products is not necessarily the deciding factor for these cohorts. Instead, they prize a digital, frictionless application process and access to online tools. However, offering young members a convenient online experience does not mean offering them a generic one. They want personalized guidance to help them save money, manage debt and receive incentives that persuade them to take immediate action, such as applying for a credit card.

Inflation, student loan debt and other factors put enormous pressure on Gen Z and millennial members. CUs that acknowledge these pain points by providing credit card services to help young adult members manage their financial goals and meet life-stage milestones will stand a better chance of winning their loyalty.

Learn how to expand your credit card reach in a free whitepaper from Elan Financial Services at *cumanagement.com/elanwhitepaper.*

Credit Union Analytics
Getting the most out of your data

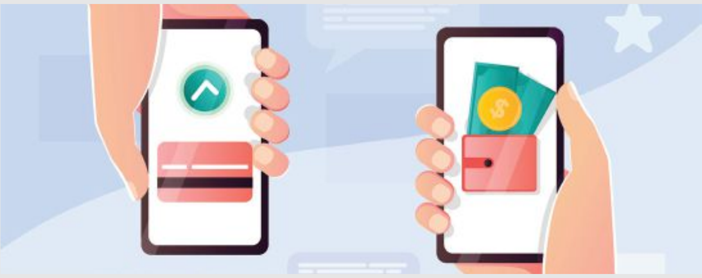
All your customers are valuable—but not all your customers are of equal value to your institution.

It's best to focus on attracting and engaging the right prospects for your institution. That's how you capture the full potential of each customer relationship and stem attrition overall.

However, a strong customer acquisition strategy starts with having the right data to provide answers to the right questions. In this free whitepaper from CUESolutions provider Vericast, explore how your credit union can answer these four questions:

- Which opportunities are you missing?
- Who's worth your time and money?
- How can you attract and retain the right customers?
- What's working and what's not?

Download the resource at *cumanagement.com/vericastwhitepaper.*



Top 5 Merchant
Payment Trends

To be successful, retailers intent on building customer loyalty and spending need to partner with financial institutions that provide cutting-edge merchant services capabilities. A recent study showed that 78% of retail respondents agree that the checkout experience is as important a competitive advantage as having the best products. The same report talks about how having the right payments strategy can increase resilience, finding that:

Two-thirds of finance leaders say that improving their payment-acceptance processes is a "cornerstone" of how they plan to become more resilient.

About half say they can't be a resilient and successful organization without changing their payment operations for the better, and this increases to 58% of C-suite finance leaders.

Consumers expect a payment process that's as effortless and convenient as possible. As a result, any opportunity to remove steps—including handling physical forms of payment—is a welcome experience. Whether it's uninterrupted shopping cart access across omnichannel platforms or improved self-service capabilities that allow customers to create the exact payment experience of their choosing, five payment trends represent the latest merchant services expectations.

Read about the five payments trends in a free whitepaper from Elan Financial Services at *cumanagement.com/1223elanwhitepaper.*

Sebastien Forget

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What makes Solutions Metrix unique?
Whereas many vendors offer point solutions, Solutions Metrix is a business consultancy first. We specialize in member experience and approach your institution's ecosystem holistically to align your strategy and our technology. We ensure that technological change sticks and are passionate about user adoption and change management. CRM is only as good as its users, so we also ensure your team maximizes its potential.

Tell us a client success story.
We wrapped up a great project with Generations Federal Credit Union. They were motivated to transform, and we helped propel their vision forward. They faced challenges in how their contact center served their 50,000 members, particularly with providing timely and personalized service and needing to go through multiple layers to obtain a complete view of each member. Our Member 360° solution revolutionized the credit union's employee experience, simplifying information retrieval and significantly reducing member waiting times. Ultimately, members' satisfaction increased due to the quick and personalized service the credit union is now able to provide.

How can credit unions be more successful?
We're committed to the mission of credit unions, and we know that engaging effectively with the new generation and going head-to-head with the competition will help them thrive. Competition is fierce, and member-institution relationship dynamics now involve a mix of traditional and digital connections that include hyper-personalized campaigns. Facing and embracing this change more quickly will enhance the success of credit unions—and we can guide them through it!

What's something CUs need to know about CRM/MRM?
A CRM/MRM implementation can be phased, allowing for incremental change with a low-budget, low-risk approach that emphasizes change management. Also, CRM and digital change do not diminish an institution's ability to provide members with hands-on, personalized service. They enhance it!

6 Key Factors in *Workforce Planning*

HR LEADERS NEED TO BE STRATEGIC IN ASSESSING AND DEVELOPING TALENT.

BY DIANE FRANKLIN

Great employees are the "secret sauce" that distinguishes credit unions from their competitors. Deploying those employees wisely takes strategic workforce planning, with a focus on assessing and developing talent to align human resources with current and future organizational goals.

"The key word here is 'strategic,'" says Charles Shanley, SPHR, SHRM-SCP, CFS, CEO of CUES Supplier member Shanley Search Partners LLC (*shanleysearch.com*), Houston. "Workforce planning requires a multifaceted approach that addresses the HR side and the organizational development/leadership development side. OD and LD have risen in importance for critical HR roles. Credit unions need this expertise, even if they have to go outside the industry to get it."

As HR leaders undertake strategic workforce planning, here are six key factors to consider.

ADAPTABILITY

Shanley identifies adaptability as a crucial trait in today's rapidly changing market. "It's one of the stronger competencies we look for when filling HR and other roles," he says.

Credit unions' adaptability was put to the test during the COVID-19 pandemic, and CUs responded well by transitioning to a remote workforce and building digital capabilities.

"One of the top workforce trends continues to be work-from-home and hybrid options," says Lisa Miller, founder/CEO of CUES Supplier member cuCoach (*cucoach.com*), Beaumont, Texas, a coaching firm for credit union professionals. "Remote work is a given, and it's here to stay."

As the pandemic gets further in our rearview mirror, Miller concedes that there are likely many CEOs who are debating whether to require employees to spend more time in the office. Such a policy would put them in line with major companies like JPMorgan and Goldman-Sachs that are reducing remote work (*tinyurl.com/47ywm34h*). But if you're considering this strategy, take note: Studies show that companies with flexible work policies are growing faster than those with full-time in-office mandates (*tinyurl.com/y8d8hjkw*).

Taking away a benefit that employees clearly love could have dire consequences for employers. "You'll likely lose quality employees," Shanley predicts. "If you revert to doing things the 'old-school way' before COVID, you'll have trouble attracting the talent you need."

MORE ON WORKFORCE PLANNING

Leadership Matters: A Top Risk Keeping Leaders Up at Night (*cumanagement.com/0124leadershipmatters*)

Purposeful Talent Development: 4 Best Practices for the New Year (*cumanagement.com/011224blog*)

Video: Tips for Making Your 2024 Talent Development Resolutions (*cumanagement.com/010224video*)

The Workforce Challenge (*cumanagement.com/0124workforce*)

Adapting to these still-evolving work models requires managers to be innovative and open-minded. "As leaders, we need to keep revisiting 'How can we accomplish team building, meetings and mentoring while still providing remote work options?'" says Miller, a former COO of a billion-dollar credit union. "If we're strategic and intentional in our planning, we can do these things successfully."

FLEXIBILITY

Having a flexible workforce allows CUs to meet fluctuating demands. A growing trend that provides such flexibility is the use of fractional employees.

"'Fractional' is the new buzzword for contract work," says Shanley. "It generally refers to a temporary placement and is often project-based, though it also includes those working for multiple employers on fractional assignments. Contract work can be an important part of your strategy, especially during times of economic uncertainty. Rather than hiring people you might need to lay off down the road, it's a safer bet to hire contractual employees, especially if you have a major project like a core conversion you need to complete."

The escalating cost of top-tier executives may be driving a trend toward the use of fractional executives—CEOs, CFOs, COOs, etc.—who, as the name implies, work for an organization part-time at a fraction of the cost of a full-time on-staff equivalent.

"We're seeing an increasing number of credit unions embrace the idea of fractional executives," says Chris Sachse, CEO of Think|Stack (*thinkstack.co*), a Baltimore-based cybersecurity and IT management company. "Smaller credit unions have been open to executive outsourcing for quite some time because of affordability issues, but now we're seeing larger credit unions using what we call executive advisory support more than they had in the past."

Sachse reports that Think|Stack offers this support to several of its credit union clients. "It's not the largest part of our business, but it's probably been the fastest growing over the last year. We have a team of four people whom we share as CIOs, CTOs and chief information security officers."

Think|Stack typically provides these services when a CU is undergoing a major technology transformation that requires specialized expertise. "They may have a great CIO, but he's never done a major project like this, so they want somebody there, standing by his side, who has been through it," Sachse explains.

Much of the fractional work is done remotely. Having an off-site C-suite executive wasn't widely accepted in pre-pandemic days, but Sachse notes that many CUs are currently receptive to the idea.

"We still spend a lot of time on-site with our clients, especially at the start of a relationship," Sachse says. "As the client gets to know you and you build trust, it becomes easier to be remote."

PROFESSIONAL DEVELOPMENT

Miller advises credit unions to make professional development a top priority. "We live in an age where people are bombarded with ways to seek improvement—from YouTube and TikTok to LinkedIn Groups, leadership books and podcasts galore," she says. "They're going to expect a commitment to their improvement from their employers as well."

Fortunately, the CU industry is ripe with professional development opportunities. Shanley cites several high-caliber options, including the CUES CEO Institutes (*cues.org/ceo-institutes*), Filene i3 innovation leadership program (*filene.org/community/i3*) and Cardwell Leadership program (*jcardwell@cardwellgroup.com*). "These are the types of programs that CUs should be considering for their employees and looking for when recruiting new hires," he says.

Providing clear pathways for advancement is a vital component of professional development. At $2.5 billion Altura Credit Union (*alturacu.org*), based in Riverside, California, SVP/Human Resources Julie Bjornstad has made it a priority to define advancement opportunities for employees at all levels of the organization.

"Our goal is to be the No. 1 employer in Riverside County," says Bjornstad, a CUES member. "So, to attract and retain talent, we've significantly increased our entry-level pay and implemented a clear progression for our entry-level hires."

This includes giving tellers the opportunity to move through three tiers within 18 months. "When they're hired, they see the progression that's available and the training that's needed to move through these levels," Bjornstad explains.

Being upfront about these opportunities has helped Altura CU lower its turnover rate to 9.7% among its approximately 475 employees, surpassing its 12% goal. In comparison, the average turnover rate for non-officer roles at participating banks last year was 19.8%, according to the 2023 Crowe Bank Compensation and Benefits Survey (*tinyurl.com/yawmkwfy*).

Additionally, the CU is moving closer to its goal, set in 2023, to achieve an internal promotion rate of 75%.

"We found that many times employees didn't see a future in their role because it wasn't clearly communicated," Bjornstad says. "Now we let them know about future opportunities, with corresponding pay increases, on their first day of employment."

Altura CU further facilitates advancement for employees through two professional development programs: Drivers of Business Transformation from consulting firm Endurium (*enduriumllc.com*), which provides process improvement training for all staff members, and the Emerging Leaders Program from CUESolutions provider DDJ Myers, an ALM First Company (*ddjmyers.com*), for managers, directors, VPs and the executive team. A majority of Altura CU's managers and above—encompassing 60 participants—have completed the ELP over the last three years.

"During the program, everyone has an executive mentor and their supervisor, who also mentors them," Bjornstad says. "The program has helped our managers critically think through situations and build vision strategy models, which meld with our process improvement training to identify potential projects."

There are no concerns about experiencing a "knowing-doing gap" with the ELP (*tinyurl.com/5n9466zw*)—a gap between what emerging leaders learn and what they actually apply on the job—since the focus is on achieving concrete results. "The ELP projects have led to strategic plans that can significantly enhance the member experience," Bjornstad states. "These projects have been prioritized, and action plans developed, to ensure a successful completion."

DEI

Despite a recent backlash against DEI programs (*cumanagement.com/bizcasedei*), HR leaders say they are strongly committed to achieving diversity, equality and inclusion in the workplace (*tinyurl.com/3z964njr*)—and with good reason. Studies show that cultivating diversity is beneficial to corporate bottom lines (*tinyurl.com/yyzm2sv4*).

"Be proactive about how you can improve and let employees know that you're always open to their feedback."

– Lisa Miller

Building a diverse workforce starts with recruiting and hiring practices. "You have to be proactive if you want a diverse pool of candidates," says Shanley. "We have a corporate diversity policy that stresses our commitment to fostering, cultivating and preserving a culture of diversity and inclusion for our organization as well as for our clients."

The company's efforts include posting positions and networking with diversity-based groups, colleges and universities, job boards and associations and using specific tools for targeting a diverse pool of candidates for its clients.

Miller recommends soliciting employee input regularly on DEI-related issues, such as what holidays to observe and what community causes to support. "You can't just set holidays or say, 'Here's who we're going to sponsor, forever and always,'" she says. "You should have conversations that are fluid, because things might change based on what's happening in your employees' and your members' lives. Be proactive about how you can improve and let employees know that you're always open to their feedback."

Altura CU has implemented several DEI initiatives. One of its earliest DEI projects is a staff-focused video series entitled "Your Story," hosted internally on the CU's intranet page. Now in its sixth season, the program is aimed at creating understanding and awareness by featuring Altura CU team members discussing events that have shaped them into the person they are today. Their stories have covered such heartfelt topics as overcoming prejudice, the impact of infertility and the immigrant experience.

"The series has been instrumental in its purpose to dispel stereotypes [and] assumptions and to show that we are more alike than different," says DEI Officer Dean Mayorga. "It is emotional in its approach but educational in its design."

AUTOMATION/AI

Automation and artificial intelligence are transforming every aspect of business, and workforce planning is no exception. "There was a time when using machine learning and AI made you an outlier in HR technology," says Anthony Reynolds, CEO of HireVue (*hirevue.com*), a global leader in AI-driven HR processes headquartered in Salt Lake City. "In a world of broad acceptance of AI and the proliferation of ChatGPT and other generative AI, that's no longer the case."

HireVue Chief Data Scientist Lindsey Zuloaga reports that AI has proven effective in evaluating talent and ensuring a good match between job and candidate. "Many of our customers are transitioning away from outdated hiring practices and streamlining the process through automation," she says. "So, instead of poring over hundreds if not thousands of resumes, you can use AI and automation to do early filtering of job candidates and save your time to focus on the human engagement piece."

HireVue offers innovative automated tools that make the hiring process faster and more engaging, such as game-based assessments and job simulations. Additionally, HireVue pioneered the concept of doing video interviews asynchronously. "So rather than doing a live video call, candidates record themselves answering the questions, and the client can watch these interviews later," Zuloaga says.

The video interview is made even more efficient through natural language processing, another HireVue innovation, which uses AI to evaluate interview responses with results that are comparable to human evaluators.

HireVue's automated approach is based on measuring candidates' "human potential intelligence" rather than past achievements. "We're moving away from 'rearview recruiting,' which focuses on what people have done, toward using AI, automation and data to identify what they have the potential to do," Zuloaga explains. "We've trained the algorithms to predict who is going to be better for a given role, steering humans to the top-tier candidates in making the final assessment."

Automation also helps ensure that bias doesn't creep into the hiring process. "A big part of using algorithms for hiring is making sure they're fair," Zuloaga says. "We have data showing that automation standardizes the process to eliminate bias and increases the diversity of candidates who get through the funnel."

When deploying talent in the workforce, HR leaders should be attuned with how the use of technology, including AI, is impacting employees' jobs. "We're finding that everyone in the organization has to know tech these days," Sachse says. "Practical training is becoming more important."

Moving forward, Sachse notes that CUs may be more inclined to outsource roles that are AI-driven—especially if they are not central to their mission. "Credit unions should be asking themselves, 'What is the talent we truly need to employ?'" he advises. "The answer tends to be someone who best understands the member and the credit union ecosystem."

SOFT SKILLS

A growing consideration in assessing talent is the importance of soft skills (*tinyurl.com/bdfpprve*). "When a manager comes on board, we teach them the hard skills they need to run a branch or department, but the people side of the job often gets neglected," says Miller. "Emotional intelligence is big on my radar, encompassing empathy, self-awareness, self-regulation, motivation and social skills. HR managers need to be strategic and intentional in assessing and developing these skills at all levels of management."

Cultivating soft skills can help employees develop resilience—i.e., the ability to meet challenges in the workforce and learn how to thrive in the process (*tinyurl.com/ycyjxr3k*). "Helping people understand how to handle their emotional highs and lows and develop better relationship-building skills will [enable them to] become more resilient," Miller says.

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

Capturing Members' *Attention*

CREDIT UNIONS NEED CREATIVITY AND PERSEVERANCE TO BEST ATTRACT NEW MEMBERS AND SERVE EXISTING ONES.

BY MOLLY HAYMAN

Much like the internet, the world of member engagement is vast and ambiguous—and not everything that initially appears to be true actually *is* true.

Member engagement refers to the combination of many ideas and initiatives, so much so that when you ask a member engagement officer about it, even they will ask you what you *actually* want to talk about.

The reason the topic is so broad is because it is responsible for both grabbing the attention of potential new members as well as continuously connecting with and helping existing members. Doing both well is a lot to ask, and many credit unions might not be delivering fully on the potential of high engagement.

This may be because many credit unions are stuck. They are stuck with paper welcome packets. They're stuck with PDF forms for direct deposit. And they're stuck with using checking accounts as a method of new member acquisition.

But the industry is past the point of checking accounts. Even the name "checking account" is archaic. When was the last time a young person wrote a check?

Younger members don't often distinguish between traditional checking accounts and such payment tools as Apple Pay, Venmo or PayPal; how often do they swipe their *debit cards* anymore, much less write checks?

So which credit unions are doing member engagement well today? How have they captured members' attention in an online space flooded with content and options? And who is helping them do it?

FIRST IMPRESSIONS MATTER

The first part of member engagement is finding new members to engage with and making a good first impression. And this is a place where being a credit union, as opposed to a megabank, digital bank or fintech, makes a huge difference.

"I think in this space for younger people, they want to know you're authentic. They want to perceive you as a white hat company, meaning they know we try to enhance goodwill by being visible in the community."

— Tom Brennan

CUES member Tom Brennan, chief marketing officer of $804 million Erie Federal Credit Union (*eriefcu.org*) succinctly says, "Doing good is good business.

"We know that it's very important, in order to get new members, to go out and really engage your community. Talk to them about how you might be able to help them [get] better with their finances or anything regarding being a solution for them," Brennan says.

Erie FCU's numbers suggest something is working. Its growth from January through November 2023 is 4.44%, and its fastest-growing demographic is 25- to 34-year-olds.

"I think in this space for younger people, they want to know you're authentic," Brennan adds. "They want to perceive you as a white hat company, meaning they know we try to enhance goodwill by being visible in the community."

It's about showing, not telling, that you are there for them and their community.

Community outreach is familiar and even comfortable for most credit unions. But successful engagement should also include getting outside of a CU's usual comfort zone, according to Laurie McLachlan, chief marketing officer of CUES Supplier member Digital Onboarding (*digitalonboarding.com*), Boston.

"Stop being boring and win the war!" she advises.

What does McLachlan count as "boring"?

"Stop offering the same boring ol' checking accounts!" she asserts. "It's a sea of sameness, and it's not getting you ahead. Get creative with benefits like roadside assistance, travel discounts and cell phone protection." People are looking for more than just a place to deposit money, so wrap your checking accounts with unique benefits that people really value.

And what about when your credit union is onboarding the new members it finds? After all, first impressions last a lifetime. McLachlan says credit unions need to make sure their delivery lives up to their promises.

For example, many credit unions espouse the idea that they have the best mobile banking experience, she explains. "Then they send [new members] a paper welcome kit. It would be like me signing up for a Netflix account and getting a brochure in the mail about how to use it. That's exactly what credit unions are doing."

And good onboarding is not just about paper vs. digital. Even in the digital space, many credit unions are not keeping pace with people's service expectations.

"Members get an instant follow-up when they buy paper towels on Amazon," McLachlan says. "Why does it take credit unions two days just to welcome new members? ... The reason members open accounts and don't use them is they find it challenging to get started."

$2.3 billion 3Rivers Federal Credit Union (*3riversfcu.org*), Fort Wayne, Indiana, instituted an instant issue program for quickly getting debit cards into the hands of new members and members who have experienced fraud, according to Chief Member Experience Officer Peter McMahon, CCE, a CUES member.

"What's important is that we connect with them (new members) right off the bat," McMahon says. "Sure, we do onboarding touch points within the 30-, 60- and 90-day mark with personalized messages, but if someone opens a checking account in the branch, we want a debit card in the hands of our membership right then and there. And we get everything set up for them then and there too. We get them signed up and logged into the app, and ensure they understand how to use it."

Of course, to ensure they serve every type of banking preference, 3Rivers FCU members can also open a new account online and request a debit card without ever setting foot in a physical location.

KNOW WHAT THEY NEED, BEFORE THEY DO

Member acquisition and initial onboarding are certainly important to the larger picture of engagement. However, credit unions should be careful not to get so caught up in the race to sign up new members that they don't have the bandwidth to keep those members engaged over the long term.

Brennan summarizes this point perfectly: "Many credit unions focus on acquisition at the expense of attrition. After all, you can't grow your CU if your member attrition rate is higher than your member acquisition rate."

He continues, "We try to welcome people and know them versus just getting them to join by saying, 'Here's a $100 gift card.' That's a short-term fix, and there's no real member growth without member retention.

"We must be part of their everyday lives," he adds. "We remain focused on delivery and services channels for everyone" through all stages of their lives.

McMahon calls what 3Rivers FCU is doing "lifelong boarding."

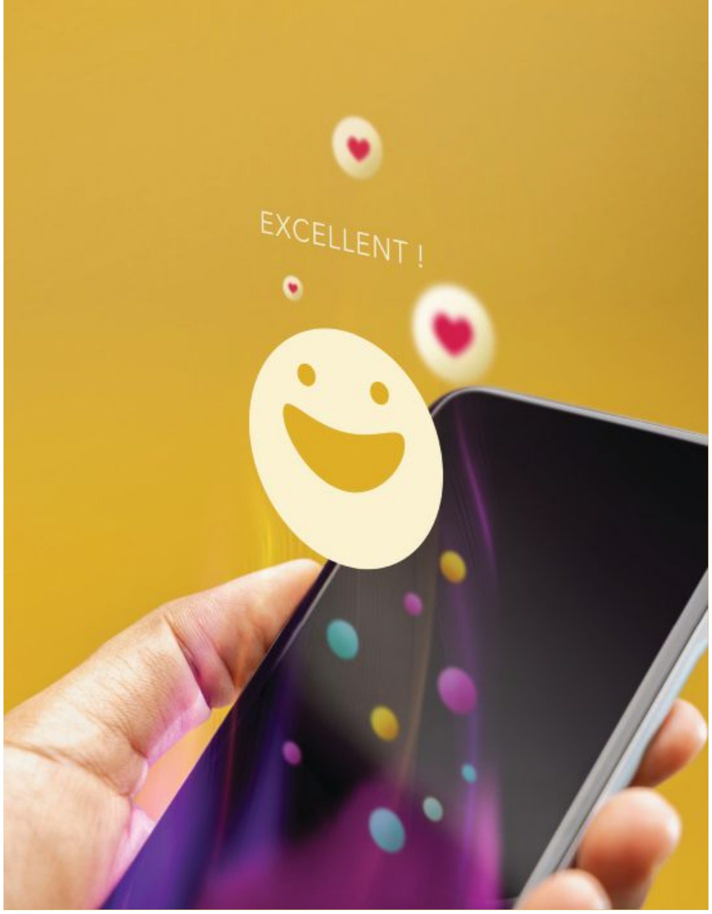
"We want to be able to reach our members with the right message, at the right time, in their preferred channel, across their entire lifetime," he says.

This means knowing what products they need before members do, McMahon continues. "It's about following their journey and knowing what might be next for them to provide them with the right products at the right time.

"We try to focus on the full relationship," he adds. "It's focusing on what's important to our members and deepening that relationship across the board."

"Stop offering the same boring ol' checking accounts! It's a sea of sameness, and it's not getting you ahead. Get creative with benefits like roadside assistance, travel discounts and cell phone protection."

— Laurie McLachlan



McLachlan goes even further. "Americans want help managing their finances, but they do not want to do it themselves," she says. "Credit unions need to go beyond giving people data on their spending and savings and actually deliver the insight and advice."

She explains how CUs might dive deeper: "Don't just show me a pie chart. What I really want is a text message that says, 'If you just change X, your life will be better.' It should tell me to cancel that specific subscription or how much spending money I will have this month after bills, specific to me."

She sums it up by saying, "Save me from myself, and make it mindless for me."

THE IMPORTANCE OF DATA

But how are credit unions really going to succeed at knowing the ins and outs of each member's personal journey and act on them in a timely manner?

Would it surprise you to know you already have all the information you need? It's in the data.

Brennan saw the potential to use his CU's data better, so he and the Erie FCU's business intelligence and analytics manager created a three-person, in-house business intelligence and analytics team.

He says, "We started going down this path of personalized member journeys to get their existing needs. In other words, it gives opportunities for more cross-sell and upsell at inflection points. Because we have that data and we're able to dive deeper into relationships, we've been on the lookout for those things to offer during the right time."

3Rivers FCU built something similar called "The Triad." Leaders of marketing, business intelligence and digital experience come together to discuss friction points and figure out how to reach members with the right message at the right time in the right channel.

The biggest takeaway there? No team is siloed. Marketing is not just about new member acquisition, and business intelligence isn't just creating spreadsheets and graphs; all teams have the same information, are seeing the repercussions and are brainstorming *together.*

Many CUs have looked for outside assistance in this area, and why not? If the experts are, well, experts, why not utilize their pre-existing knowledge?

Strum (*strumagency.com*), a CUES Supplier member in Seattle, and its Platform (*strumplatform.com*), support credit unions with analytics, growth strategies and data-driven marketing.

Credit unions often come to Strum when they are experiencing declining relationship growth because of poor cross-selling or retention members problems, according to CEO/principal Mark Weber.

"When we start talking with organizations that are having growth challenges, we usually have the conversation and assessment of their strategic growth plans for new members and member relationships," Weber says, "because if you're not deepening your wallet, then you're probably not paying attention to retention."

Some credit unions don't even look at the data to know that members are slowly disengaging. Weber describes not using data as "closing the back door" too late after members leave. CUs have all the information they need long before that member leaves to know they might be on the path out that door.

"If you didn't know and see those trends, that's a challenge to stop attrition," Weber asserts. "If you're not flowing rich data on

> **"Members get an instant follow-up when they buy paper towels on Amazon. Why does it take credit unions two days just to welcome new members?"**
>
> — Laurie McLachlan

a daily basis, then you don't have the right tool. We built a customer data platform to solve that, to leverage the cloud, to enhance data around lifestyles, demographics and behavioral first-party data so that you have an incredibly rich view of your member beyond anything you've ever had before to increase member engagement."

Once a CU has rich, free-flowing data, how can it translate that into benefits for its members?

Digital Onboarding has tools to help make that happen. The company was built around the problem of creating a more engaging experience after a member joins.

McLachlan explains that Digital Onboarding isn't Hubspot, and it isn't generic.

"It's a communications platform, and it's designed to make it as easy as possible for people to take actions that CUs want them to take," she says, such as signing up for e-statements, which they can do through Digital Onboarding without ever having to log into home banking.

"If they even do log into digital banking, we know people are usually only there for 90 seconds, so we put exactly what they want in front of them," she continues. "We're always trying to get people to complete the next best action."

Digital Onboarding has also built personal microsites for members as a place where the tool for taking the actions they personally need to take live—again without forcing members to log in.

BRANCHING OUT

But it's not enough to look for engagement online. Both new and existing members still appreciate branches.

McLachlan says, "A survey sent out by financial services company Marqeta (*marqeta.com/resources/2023-state-of-payments*) reported 44% of respondents said they would not give up branch access. And branches often factored into how people initially chose their PFI (primary financial institution). Thirty-eight percent of respondents cited convenience and branch proximity as their biggest considerations."

And why is this? Because people want human support, maybe even in a physical location.

3Rivers FCU believes in branches. "We're bullish on physical locations," says McMahon. "We're adding branches because we know that those personal interactions make a big difference."

McMahon reports that his CU has opened three physical locations since December 2022. "Are there as many transactions happening in a branch as there were 10, 15, 20 years ago? No. Because people can and do direct deposit. But if they do come in, we want to create a great experience for them."

Branch visits aren't even necessarily about having to make a deposit in person anymore, he explains. "We've seen a shift in how the branches are used. Financial wellness is a big part of our brand. Our mission is 'to help people understand their money matters, every day.'" Branches help to support that.

McMahon sums up by saying, "We're not forcing them into a branch, but financial wellness—in whatever channel they want to receive it in—we want to provide that for them and be a best-in-class experience."

BE DIGITAL IN A HUMAN WAY

Credit unions absolutely can win this race. They are perfectly situated to capitalize off the digital/physical blend that members crave.

It's no longer enough to have "*a* digital option." The world we live in is online, and CUs need to embrace this. Know your members through their data, show them you care about the same issues they do, and be there for them in every channel.

McLachlan says, "We want personalized banking, and we want it digitally, but with a human behind it. We, the credit unions, absolutely need to better adopt technology while utilizing the humans we have in a more empathetic way."

The future is not an "either/or situation," it's an "and." "The best brands and the best organizations have a consistent member experience across every channel, however the member wants to engage," McMahon says.

Molly Hayman *is a former CUES publications intern who writes from Wisconsin.*

MORE ON MEMBER EXPERIENCE

Reimagine Your MX (*cumanagement.com/1223reimaginemx*)

Enhancing the Human Experience (*cumanagement.com/1023humanex*)

How Conversational Artificial Intelligence Can Improve the Member Experience (*cumanagement.com/0523convoai*)

Getting Into the *Business Business*

CAN CUs PROFITABLY GAIN LOANS, DEPOSITS AND FEE INCOME BY SERVING BUSINESS MEMBERS?

BY RICHARD H. GAMBLE

U.S. businesses often operate out of buildings financed by credit union commercial real estate loans. Those businesses also need loans to grow, buy equipment and inventory, and satisfy working capital demands, but CUs rarely get those loans; they're also missing out on deposits and the fees those businesses pay for cash management services.

In today's economy, it's no wonder that more CUs are talking about how to attract business members. According to research from CUES Supplier member Jack Henry (*jackhenry.com*), 65% of credit union CEOs consider expanding small business services a high priority, reports Lee Wetherington, senior director of corporate strategy. CUESolutions provider Cornerstone Advisors (*crnrstone.com*) puts the value of that market at $400 billion, Wetherington notes. And Block (formerly Square, *block.xyz*) has estimated that just 5% of the business market is currently served, leaving 95% "up for grabs."

In some cases, such talk has progressed to action.

ANCHORS AWEIGH

$165 billion Navy Federal Credit Union (*navyfederal.org*), Vienna, Virginia, has had a business-services portfolio for 20 years to accommodate the banking needs of its business members when it could do so within its traditional, people-focused role.

Now it is preparing to create a strategic, profit-oriented line of business around business operating services, reports Will Scott, VP/business solutions. And that will require a package of new cash management and treasury services that Navy Federal has never offered before.

Will it work? Navy Federal thinks so, and, as the world's biggest credit union, it has the resources to go for it. "We have had business checking accounts," Scott reports. "We have made commercial real estate loans. We have made business vehicle loans.

"What's missing is the cash management piece," he notes. "CUs generally don't have the technology and expertise to support cash management, but we've been seriously considering this move ... and have decided to introduce a program in 2024."

Of Navy Federal's more than 500,000 business accounts, 80% are companies with annual revenue under $1 million, he estimates, and 20% are companies with annual revenue between $1 million and $15 million.

Business members, Scott says, need services like entitlements or permissions to provide controlled access to accounts by multiple authorized people. They also need positive pay—matching checks issued to the checked presented for payment—for fraud prevention, remote check deposit and the

ability to initiate wires and ACH payments on their own, services Navy Federal is preparing to offer.

"We haven't decided yet whether to buy, rent or build advanced services like lockbox," Scott adds. Lockbox banking service allows customers of the business member to send payments to a special P.O. box; the credit union retrieves those payments, processes them and deposits the funds into the business's account.

Operating lines of credit for small businesses are another big item to be determined, Scott explains. "We want to expand our limited number of operating lines and active account monitoring. We want to provide working capital lines, either asset-based or formula-based. We'd expect these businesses to have all their operating accounts with us so we could see what money is coming in and going out."

The business case for becoming a full-service business provider, Scott says, is based on capturing noninterest income and deposits, as well as stronger member service. "With the pressure to drop overdraft fees and tight net interest margins, new sources of fee income become important," he notes. "Businesses pay fees for these services." Cash management also brings deposits.

The 20% of the credit union's business members that exceed $1 million in annual revenue generally get these needed services (lockbox, operating lines, SWIFT payments) from banks. Navy Federal wants that business. "We want all their business," Scott says. "We intend to offer all the services they get from banks at a better value proposition" with a positive ROI. Scott's expectations are based on his experience working for banks—SunTrust (now Truist, *truist.com*) and KeyBank (*key.com*)—that offer treasury services.

Navy Federal has the assets and confidence, but most CUs have some catching up to do with the technology required for commercial relationships, Wetherington notes. Their core systems were not designed for commercial relationships and lack the entitlement layers businesses need to enforce which employees can do what.

Integration with business accounting systems is a challenge, Wetherington explains. "What passes for integration often boils down to a CSV (comma-separated values) file manually exported out of the CU's retail digital banking system." That's inadequate, he points out. "The better option is a direct and full API integration that's dynamic and two-way."

With mature application programming interfaces, he notes, a lot can be done through open banking and financial data exchange platforms. Finicity (*finicity.com*), Plaid (*plaid.com/bank/api*), Intuit (*intuit.com*) and others offer the connectivity, but most credit unions aren't plumbed into one, much less all of them.

A FULL ARRAY OF BUSINESS SERVICES

Still, despite the technical challenges, many large credit unions are hopeful about business banking. One CU, its people say, is already there. That would be $2.9 billion GTE Financial (*gtefinancial.org*) in Tampa, Florida. "We have a full array of business services," reports Gerhard Toth, VP/member business services. "We have a story to tell, and we're getting it out there."

GTE Financial has long offered basic business services, but three years ago, the CU decided to revamp and become "a full-service business bank," he says.

GTE Financial is also moving into space that national and regional banks are leaving, Toth says. "We're building relationships with local teams on the ground. Most larger banks have moved their business banking operations to a remote service model."

"With the pressure to drop overdraft fees and tight net interest margins, new sources of fee income become important."

– Will Scott

What does an on-the-ground operation mean? Personnel, for one thing. GTE Financial has business bankers in every county around its Tampa market, Toth reports. "We tripled the size of our business banking team in two years. We recruited bankers who thrived with relationship banking before their banks went remote. They're experienced in relationship management, sales, credit, deposits and processing."

That includes Toth, who worked in commercial banking at Regions Bank (*regions.com*), Wachovia (*wellsfargo.com*) and Bank of America (*bankofamerica.com*), and Manny Aguilar, SVP/chief commercial and advisory services officer, who also came from Regions.

"We have 8,000 business members," Toth reports. In the business banking segment, the CU focuses on operating companies between $1 million and $25 million in annual revenue. "We're getting to know them better and introducing them to our services," he adds. "The businesses include Florida healthcare providers, manufacturers, professional services, wholesalers and distributors."

The payoff, says Toth, is revenue diversification and significant deposit growth potential. "Treasury services are a good fit for operating businesses looking to streamline tasks and mitigate fraud."

There are three goals for providing treasury management services, he explains: providing technology and convenience to businesses, increasing fraud protection and gaining core business operating deposits.

GTE Financial may be striking out boldly, but a closer look shows that it is getting to its goal in measured steps. "We currently offer four treasury management services," Toth reports—positive pay, ACH, wires and remote deposit.

Importantly, GTE Financial offers flexible, floating-rate lines of credit to support business operations. "There are times," Toth explains, "when companies need to tap a line of credit for immediate operating needs. A manufacturer may need $500,000 to buy an important piece of machinery on the spot. We offer guidance lines of credit for that. They don't need to come to us repeatedly when needs for working capital crop up."

The lines typically are for one year and are renewable. Underwriting is based on cash flow, debt service coverage, credit history and available collateral—primarily accounts receivable, inventory and real estate.

How is collateral evaluated? For stable collateral, it's based on financial statements—basically balance sheets or tax returns, Toth explains. For more complex situations, a field audit may be required. For lines based on cash flow, the credit union needs to see financial statements plus observation of the activity in the business's accounts and operations.

"You need to sell them what they need, not what you have."

– James Devine

GTE Financial expects to have all those operating accounts if it's going to extend lines of credit, Toth reports. And it expects to have clear understanding of all the business's debt.

The second generation of treasury services will add commercial purchasing cards. "We expect to have a true commercial p-card program by the end of this year (2024)," he states. Business members will be able to track spending, earn rebates and have fraud protection.

What it does not offer yet are lockboxes. "We will offer them," Toth says. "And there's also a demand for sweep accounts. We're taking time to do it right."

And maybe, in a third generation, the CU will add controlled disbursement, allowing business members to decide which checks will post to their accounts each day based on funding needs. "We know our top-tier business members want it," Toth adds, "but we don't have it yet."

DOING IT GRADUALLY

Credit unions can ease into business services, says CUES member Mark Papoccia, by first offering business checking accounts. Papoccia is chief experience officer of $2.8 billion Vantage West Credit Union (*vantagewest.org*), Tucson, Arizona.

A business checking account involves a few more legal nuances than a personal checking account, he points out. "Start with deposit products and expand into loans" like vehicle financing and business credit cards, Papoccia recommends, then consider treasury management products like positive pay and remote deposit capture. Commercial and industrial loans require more expertise.

Vantage West CU takes a risk-adjusted approach to processing business member loans, Papoccia explains. The CU uses Numerated (*numerated.com*) to underwrite loans up to $350,000. Below $100,000, approvals are automated; above that number, the underwriting is manual.

Vantage West CU does make commercial loans, including lines of credit. Underwriting a C&I loan, Papoccia says, requires consideration of several factors: industry risk, capitalization, management experience, collateral and ability to repay based on cash flow. "We always look to cash flow as the first source of repayment and then collateral."

The CU does not interface with the accounting systems of its business members but requires periodic financial reports.

Fintech partners are an option to help pave the way for offering business services. Boston-based Numerated "automates and streamlines the business lending process from application to underwriting to closing," explains Mickey Goldwasser, VP/marketing for Vantage West CU. There is an auto-decisioning option for underwriting, but usually Numerated works with its lenders to set criteria.

Small businesses' needs are diverse and unique, Wetherington observes, but they all have cash flow. The pattern of money coming in and going out is revealing. Some nonbank lenders, like Block and PayPal (*paypal.com*), approve operating lines of credit based on that visibility.

Given the growing fraud threat, offering positive pay is "absolutely necessary" if a CU wants to serve businesses, Wetherington adds. Medium and larger businesses often expect to hand off payment files to a FI to be executed in the most efficient way, considering time and cost.

Business services can help CUs improve the balance between interest income and noninterest income, notes James Devine, chairman/CEO of Hipereon (*hipereon.com*), a financial training firm headquartered in Kirkland, Washington, and faculty member for CUES School of Business Lending (*cues.org/sobl*). Business owners don't like fees, he admits, but if a service really helps them streamline operations, they'll pay willingly. Transaction processing—wires, ACH files, foreign currency conversions, collections, disbursements—can be a significant source of noninterest income.

Fees also can come from payroll processing, merchant services, insurance products, employee benefits, financial planning, leasing, disbursement timing and lockboxes for collections, Devine adds.

He cites a CU in North Dakota that collects a lot of noninterest income from selling crop insurance to its farmer members. Another CU in Texas gets 36% of its income from fees, and Greater Commercial Lending in Nevada (*greaterlending.com*) underwrites a lot of green loans and sells participations to banks and CUs, generating fee income that goes back to the credit union service organization owners.

"You need to sell them what they need," Devine emphasizes, "not what you have." That's the key to deep relationships that last and are the most profitable.

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

MORE ON BUSINESS SERVICES

Online Bonus: Headwinds Challenge Business Membership Growth (*cumanagement.com/0324headwinds)*

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

CFO Focus: The Role of Par SBA Floaters in Managing Market Risk (*cumanagement.com/1223cfofocus*)

Inside Marketing: New Year, New Growth Strategy (*cumanagement.com/1223insidemarketing*)

Need Deposits? (*cumanagement.com/0723bizdeposits*)

Escape the Squeeze (*cumanagement.com/0523squeeze*)

CUES School of Business Lending™ Online (*cues.org/sobl*)

The Business Case for *Pursuing DEI*

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.

BY LISA HOCHGRAF

Many people in the credit union movement like to talk with pride about how today's credit unions were founded on the principle of serving people "of modest means" who might not have been able to get financial services elsewhere. Many would say that credit unions are *all about* financial inclusion and the diversity of membership and staff that supports it.

Yet today there are reports of pushback in the credit union world against making changes to traditional practices to transform credit unions into good servants and employers of people from growing demographic and traditionally marginalized groups—against what has most recently been called diversity, equity and inclusion.

This pushback is happening even as data shows that businesses in general and CUs in particular reap business benefits from being more inclusive.

This pushback is happening even as the media and big banks continue to try to make the case that credit unions should no longer be tax-exempt—because they are getting "too big" in asset size (the largest banks still dwarf the largest credit unions) and because, they say, credit unions aren't doing a good job with financial inclusion, whether that's in the handling of lending (*tinyurl.com/4eszmchs*) or overdraft fees (*tinyurl.com/y9n4hv7z*).

But research from Filene (*filene.org*) shows that credit unions that pursue multiple DEI best practices see financial benefits.

The study, "DEI Practice Bundles & Credit Union Performance: Results from Filene's DEI Practices & Policies Survey, 2022," found that "credit unions with [a] DEI strategy and governance practice bundles report higher return on assets and net income than credit unions without these practice bundles in place." (The research defines "bundles" as groups of practices, especially those that link DEI to strategy. Find the full report at *tinyurl.com/bdf9afb3*.)

In addition, a 2020 report from McKinsey says companies across industries—not just credit unions—benefit financially from DEI (*tinyurl.com/4jr73ahb*).

Specifically, the report says, "Companies in the top quartile for racial and ethnic diversity are 35% more likely to have financial returns above their respective national industry medians." It also found that "companies in the top quartile for gender diversity are 15% more likely to have financial returns above their respective national industry medians."

DEI & B—FOR BELONGING

In recent years, many organizations have added a B for belonging to DEI, making the acronym DEIB. Growing amounts of data support the idea that businesses in general and credit unions in particular benefit from efforts to make employees feel that work is a place of belonging for them.

Evan W. Carr, a behavioral scientist at performance management firm BetterUp (*betterup.com*), and his team found that "if workers feel like they belong, companies reap substantial bottom-line benefits. High belonging was linked to a whopping 56% increase in job performance, a 50% drop in turnover risk and a 75% reduction in sick days.

An inexpensive but effective way to strive to help all employees feel a sense of belonging and like they're being treated equitably is to ask them about how things are now and what they would recommend doing next.

CUES member Emma Hayes, chief learning & engagement officer of $49 billion SECU (*ncsecu.org*), Raleigh, North Carolina, recommends "a serious listening strategy" that encompasses listening both to employees and board members. She suggests a combination of one-on-one sessions, small focus groups and surveys. Ask three questions, Hayes says:

1. What are we doing that you really, really love—the thing that would mortify you if

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2. If you could launch any product or service at the credit union, what would it be?
3. Is there anything else we could do to better serve you?

Then be sure you do something with the responses. "If you don't follow through, there's no need to ask," she emphasizes, noting that not everything that's suggested may be doable nor can everything happen at once. As acknowledgement of the responses, a good thing to say can be: "We're not there yet, but we heard you."

USING ASSESSMENTS

As CEO of Coopera Consulting (*cooperaconsulting.com*), Victor Miguel Corro helps individual credit unions think about how to expand their reach within their existing communities—often a great business opportunity. He does so by helping them assess both their fields of membership, so they can see how many members and potential members they're not serving fully as well as their organizational readiness to embrace DEIB.

Oftentimes, Corro finds through these assessments that a credit union client is not fully serving people who have been traditionally underserved, such as Black and African Americans, women and Hispanics. While credit unions might not yet have a lot of experience serving some of these members, there can be lots of business value in learning how to do so.

"That's a younger population, an emerging population and a largely unbanked population," Corro notes of the Hispanic community.

Research from Pew (*tinyurl.com/ycy3k8pt*) lends support to this idea: "The median age of U.S. Hispanics increased from 26.3 years in 2010 to 29.5 years in 2021. Yet they remained much younger than the overall U.S. population, which had a median age of 37.8 in 2021."

So, discovering that you have Hispanic people in your community that you *could* serve and taking action to try to serve them well opens an opportunity to establish relationships with highly coveted young consumers, Corro points out.

RESPONDING TO PUSHBACK

While the data in support of the business case for diversity, equity and inclusion is growing, pushback against taking action to boost DEIB in credit unions is real. What does such pushback look like, and what can credit unions do about it?

"Pushback looks like questioning—not curious questioning, but leading questioning," Hayes says. These questions might sound something like "Tell me why this ..." or "Can you help me understand why we would invest that kind of time, that kind of money ..." or "Is that the best use of so and so's resources?" "Some pushback is really, really subtle."

Pushback can also come in the form of withholding of resources, Hayes says. The first answer to a request for resources for staff or member inclusion efforts might be "yes." But if feet drag and funds are slow to arrive or never arrive, that's pushback.

Corro says credit unions can also experience pushback when legacy members come into a branch and demand to know why the credit union is, for example, putting out marketing messages clearly designed for people who speak Spanish.

"You actually have to train people to anticipate this," Corro says. While a challenge from a member isn't the norm, frontline staff need to "know to say, 'We're doing it because we want to serve the whole community, and it makes the credit union stronger ... and so we can better serve *you* ' or 'The Hispanic or African American segments of the population are growing in the community, and we want to include them so we have a better community.'"

Besides training staff, what can credit unions do to better grapple with pushbacks?

"More conversation, whitepapers, research to show the economic benefits will help with this," say Alison Carr, CUDE, I-CUDE, and Scott Butterfield, CCUE, CUDE, of Your Credit Union Partner (*yourcupartner.org*). "For example, we have a few boards that push back on ITIN lending because they don't want to serve non-U.S. citizens. However, when they see the Filene report (*tinyurl.com/2wubhhrn*) and see the profitability, growth and loyalty results from immigrants, most change their perspective about DEI."

Getting away from politicizing conversations about inclusion will likely be helpful too.

"We travel the county for strategic planning sessions," Carr says. "We are in blue states and red states. ... It's clear that DEI is more widely embraced in blue states. However, there are still credit unions in red states that are actively pursuing DEI. More work needs to be done to overcome the negative political narrative to educate boards and management that DEI is a proven differentiator."

Corro, Hayes, Carr and Butterfield all say the need for inclusion—of diverse members, of diverse employees—is not a passing fad but here to stay. Here are Carr and Butterfield on the subject:

"The demographic changes in communities are clear. Credit unions that do not embrace DEI will at some point become irrelevant in the diverse communities they are chartered to serve. They will fail to attract the diverse talent they need to grow. It might take a while, but change will be required. Plus, the next generation that credit unions are all focused on engaging are very diverse, and they place a high value on social responsibility and DEI."

Lisa Hochgraf (lisa@cues.org) *is CUES' senior editor.*

MORE ON DEI

Diversity, Equity, and Inclusion Cornell Certificate Program (*cues.org/ecornell-dei*)

Podcast: Golden 1 CU Takes Belief in DEI Into Awarding-Winning Action (*cumanagement.com/podcast156*)

The Evolving Demographics of the USA (*cumanagement.com/0923evolving*)

Lending Perspectives: Rivermark Community CU Joins Underwriting for Racial Justice Pilot (*cumanagement.com/121823blog*)

Lending Perspectives: It's Time to Revisit Your Approach to Pattern Matching (*cumanagement.com/1023patternmatching*)

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

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Challenges and disruptions caused by fintech are here to stay; how your credit union responds and adapts to these shifts will determine its future relevancy and strength.

CUES is pleased to offer CEO Institute: *FinTech* (*cues.org/fintech*). Our curriculum goes far beyond your typical fintech conference, diving deep to help credit unions embrace and use innovative technology to their advantage. Join us as we:

- deepen your understanding of advanced fintech concepts;
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- explore the competitive landscape, including how to best compete with other financial institutions and platforms;
- leverage the unique cooperative nature of credit unions as an advantage; and
- connect fintech to your credit union's mission.

CEO Institute: *FinTech* participants will benefit from a unique mix of learning offered by our partners at Cornell SC Johnson College of Business, including digital pre-work, a live-taught online class and an in-person class on Cornell Tech's campus. Prepare to stretch your thinking about all things fintech as we explore blockchain and cryptocurrency, artificial intelligence and machine learning, and consumer analytics.

CEO Institute: *FinTech* participants will also learn from leaders and practitioners from the fintech space—a vital piece in understanding a big-picture view of fintech. These leaders will discuss:

- the builder mindset and innovation process;
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- what's on the horizon for fintech.

Don't miss the opportunity to attend CEO Institute: *FinTech*, where you'll:

- learn what fintech is—and what it's not;
- explore key disruptions that have led to the current fintech industry environment;
- apply principles of disruption to challenges facing your organization;
- explore the key players in the fintech ecosystem; and
- learn to think clearly and strategically about competing with other financial institutions and fintech providers.

Cornell Tech offers a revolutionary model for graduate education that fuses technology with business and creative thinking, and we're excited to partner with them. Learn more and register at *cues.org/fintech*. CEO Institute: *FinTech* was created with credit union executives in mind. Board members, check out Governance Leadership Institute II (*cues.org/gli2*), which focuses on fintech for directors.

Participate in *CUES' Compensation Surveys*

U.S. credit unions—participate in CUES' compensation surveys now through March 31. Competitive compensation isn't everything, but without it, you'll lose your best prospects and brightest employees. Visit *cues.org/ecs* and *cues.org/ess* to complete the surveys and to see a list of frequently asked questions and step-by-step guides to make participation even easier. Those who share their data for at least 20 of the top survey positions will be entered to win a prize valued at $500, which they can use toward a CUES event registration or have donated to a charity of their choice.

Additionally, participants receive a 20% discount when they purchase the survey results. CUES Unlimited+ members can access the survey results for free.

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CEO Institute: *FinTech*	*Cornell Tech,* Roosevelt Island, NYC	**April 15–19**	cues.org/Fintech
CEO Institute III: *Strategic Leadership Development*	*Darden School of Business* University of Virginia	**April 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™ I **Governance Leadership Institute™ II: *Emerging Technologies***	*Rotman School of Management* University of Toronto	**June 9–12** **June 12–14**	cues.org/GLI cues.org/GLI2
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*Dates and locations are subject to change. For pricing options, visit **cues.org/Events.***

How Employers Did on 3 Key People Goals *in 2023*

BY LESLEY SEARS

The Josh Bersin company's "HR Predictions for 2023" report (*tinyurl.com/26w3u35m*) suggested that the last year would be one of transition for work, people in the workforce and human resources.

And it was. We had some wins—and in other areas, people strategy leaders could have been more responsive. Let's rate and review three prediction areas from the report. (A score of "5" means organizations did a great job.)

1. The employee experience will be tested by hybrid work: 3.5. The employee experience has definitely been tested by hybrid work—and by the fact that all-in-person and all-remote work are now going on *at the same time*. Organizations have done a slightly better than average job of adjusting to this new situation.

Today, managers often have employees working in all three models, each of which will have its own climate. Organizations did well to make the shift to offering more flexible work and having more work models. Unfortunately, most organizations haven't done a good job of helping managers learn how to supervise people in this highly complex, three-climate situation.

Strategy, listening and training will be key to helping leaders and managers understand how to create appropriate performance tools for each climate. Development also can teach leaders and managers to *ask* employees how they like to engage. That way, they can personalize each team member's performance support.

For example, if the right tools are in place, a manager can ask each employee, "How often would you prefer to connect with me? We can talk every day, once a week, or once every couple of weeks." And different team members will be able to respond differently.

2. Every company will get serious and pragmatic about skills: 2. I gave people strategists' response to this trend a low rating because I don't think they are taking the deep benefits of having a skill mindset to heart. Maybe that's because they don't fully understand skills and what they can deliver.

Organizations talk about having a lack of succession planning. Skills can help. They talk about the need to offer employees a career path. Skills can help with that, too. Setting up a strong mentorship and coaching system? Once again, skills may be the answer.

While a skills mindset has not been adopted by enough organizations, I'm starting to see a shift. Plus, a Colorado law (*tinyurl.com/57jn8k55*) that went into effect Jan. 1 requires employers to offer career paths to employees ("make available to all eligible employees the requirements for career progression.") This law is the first of its kind, and California is already looking at following suit.

3. Every company will need to revisit its leadership model: 3. It's typical for organizations to make quick changes when forced to, as they did with the unexpected pivot to remote work in 2020. It's also typical for them to not be timely about analyzing all the repercussions of having made the change.

I think people strategists should have had the opportunity by now to step back, take a breath and ask themselves the bigger questions, such as "How does this new three-climate situation affect our team's performance?" and "Are our manager development and management tools still appropriate?" and "How has the quick change affected our organization as a whole?" Maybe some did.

But my overall analysis is that organizations probably haven't done enough. And they certainly didn't step back to look at the larger repercussions. That's why I've given fairly low ratings across the board. As leaders, we need to stay attuned to the good and the bad of what our organizations are going through as well as to new, emerging strategies and tools that can help us. We didn't do that fully in 2023; let's be more proactive in 2024.

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.*

Read the full post and leave a comment at cumanagement.com/012924blog.

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Jimese Harkley, JD, CUDE, SPP, CCE, *VP/membership for CUES, in "Membership Minute: To Benefit, You Have to Keep Doing It":* cumanagement.com/012624blog

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