



The CU Leadership Guide in a Pandemic World

Practical, Expert Guidance on Leadership, Human
Resources, Financial Management, Lending,
Cybersecurity, Marketing & Business Lending



LEADERSHIP
CONVENTION

July 28–31, 2020 • Paris, Las Vegas

DISCOVER.
EXPERIENCE.
GROW.

PEI

"Through endurance we conquer." - Ernest Shackleton

Dear CU Leader,

This is a book I thought we would never have to publish.

A book filled with guidance to try and survive a pandemic that is shutting down travel, business and quarantining people in their homes is a topic that would have been unthinkable at the beginning of 2020.

Yet, the pandemic is very real and our finances are critical to our sense of well-being and the health of our economy. You are part of that lynchpin working hard to hold things together.

Many of us are trying to figure things out based on experiences learned from 9/11, the financial crisis that began in 2007 and many other local disasters since then. This is the first time however, we have had to face a global health crisis.

To help you find the solutions you need during these challenging times, I contacted many of our best speakers from over the years to share with you what they are doing in their own credit unions and with the credit unions with whom they serve as consultants.

What you will find in this book is the collective wisdom of some of the country's leading credit union experts on the topics of leadership, human resources, financial management, lending, cybersecurity, marketing, and member business lending.

We will have even more best practices to share at the 43rd CU Leadership Convention, July 28-31, 2020 at Paris Las Vegas. At this time, we do not plan to postpone the event and we are doing everything we can to ensure the health and safety of all our attendees.

For more details and updates, go to www.CULeaders.com

In the meantime, I sincerely hope you find this book to be a valuable resource for you and your entire leadership team.

Sincerely,



Dennis J. Sullivan

Chairman, Annual CU Leadership Convention

www.CULeaders.com

What is the #1 impact you expect to see on your CU or the credit unions you consult with as a result of COVID-19?

LEADERSHIP



Protecting Capital. During disruptions such as this, a common result is a shock to your Capital (Net Worth). Two things happen simultaneously that can impact a credit union. Capital is measured by the Capital to Assets Ratio. In a disruption or recession, members move their deposits to the safety of their credit union. This causes Assets to grow. If a credit union fails to drop their deposit rates along with the market, they will attract excess deposits. Assets will grow faster. In addition, those deposits have a cost, and it can be difficult to find investments that have an adequate return, and loans usually decline, so the deposits can become a financial drag. On the other hand, profitability becomes an issue. This causes Capital to grow slower than Assets which causes the Capital to Assets Ratio to slide downward. Loans will likely begin to weaken, and loan losses will be expected to rise, causing additional downward pressure on Capital. It is not uncommon for a credit union that manages its balance sheet poorly in the short run to see a serious decline in Capital. With Assets growing due to the flight to safety of deposits, and Capital becoming stagnant or declining, the Capital to Assets Ratio can slip very rapidly.

Tim Harrington, President & Founder, TEAM Resources



The #1 impact is about people, how we see each other in this new way of life. I see an increase in capacity for empathy and compassion plus an expectation of self-accountability to fulfill your commitments with mastery. Revisit and refresh your succession process and plan and no longer hesitate to develop the right people or start a search to find the best of the best. We are assessing the impact on search timelines and encouraging clients to start sooner because the impact of an executive moving in the next few months may be a challenge. Boards will need a larger viable pool of CEO candidates in case of candidates withdrawing from the process. I have been saying for years that boards and CEOs need a strong partnership and both parties need to be masterful in vision, strategy, and execution. There is no more time to further compromise in this relationship. Credit unions are embracing innovation and technology in unprecedented ways. Over the past several years, many organizations have talked about being innovative, agile, and flexible and now it is a mandate. Boards that have resisted virtual meetings now do not have that choice. Organizations that procrastinated on a remote work practice are now scheduling rotations of employees at home and social distancing in the workplace. Impressive is the readiness of most credit unions with up to date pandemic policies. Teams are increasing, overnight, competency in fast-tracking membership acceptance of digital banking.

Deedee Myers, CEO, DDJ Myers, Ltd.

What is the #1 impact you expect to see on your CU or the credit unions you consult with as a result of COVID-19?



- Keep your team safe. Close the branches to walk in traffic. Keep the drive ups open.
- Members will call with questions, have a plan of how you will handle delinquency challenges.
- Actively market that you will work with people while they struggle.
- Be a great listener as a leader, and your team will listen to the members.
- Obviously, delinquency will increase.

Make 2007/2008 type adjustments in your shop. Dust off the financial crisis plans and proposals that helped you get through that crisis.

Rory Rowland, President, Rowland Consulting



“

**We expect our members
will worry about
finances and wanting to
withdraw large sums of
cash.**

**Val Mindak, President
& CEO, Park City Credit
Union**



The hope is that credit unions use this opportunity to create amazing customer goodwill by offering as much forbearance as they can. This is a very difficult time but when times are tough you know who your friends are. Maybe one credit union lets late payments slide, or another gives a client an extra month to make their mortgage payment, or a third offers a client a personal loan because the client is being temporarily furloughed. These clients will remember these gracious gestures. And as an economist, they will collectively make a huge difference to the economy.

Elliot Eisenberg, President & Chief Economist, GraphsandLaughs, LLC

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HUMAN RESOURCES



I expect most of the impact to be internal--a renewed commitment to safety for associates, including new or updated protocols and emergency response preparedness. Additionally, forward thinking institutions will be proactive about extending themselves to their respective communities--this is, after all, the CU difference. Finally, creative ways to connect with the families of associates and strengthen the bonds of work relationships matters more now than ever. HR has a tremendous opportunity to lead in this space, and to set the tone for the reaction of their respective CUs. Circumstances like this reveal much about the cultures we have created. Learn from the reactions of the organization and its associates, then address and build on those for the future.

Stosh Walsh, Managing Principal, Constant Organizational Development



We expected and are seeing a large influx of questions and concerns from employees and leaders on a multitude of situations; how to pay, when to quarantine, working from home, working in the office, childcare and everything in between. While HR partners with the business leaders, our Business Continuity Team, Marketing Communications, IT, Facilities, Finance, etc., HR is still their immediate go-to and that means a large impact on our front-line HR talent.

Lisa Sutton, SVP, HR, PCSU



Actual testing of planned disaster recovery plans and remote work plans. Lots of noise and state-by-state differences in level of mandated activity are proving challenging.

John Moreno, Senior Managing Director, Meyer-Chatfield Credit Union Division

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FINANCIAL



Net Interest Margin, already under pressure, has the real potential for getting worse in the coming months. This could be joined by liquidity issues stemming from members withdrawing funds and the increased focus of large banks to gather more deposits.

Peter Duffy, Managing Director, PiperSandler



Loan defaults and collection issues, particularly with regard to hospitality, entertainment, restaurant and service industries, may have the largest financial impact on the industry. This will also affect loan loss provisioning and CECL implementation with respect to timing and expected losses. An ancillary impact will be compliance with social distancing practices in the workplace and branches and also with respect to upcoming board and member meetings. All CUs should consider the effects of social distancing mandates on member meetings and whether to postpone or delay such meetings or whether to convene “virtual” or “hybrid” member meetings. In this regard, the NCUA has issued guidance on the ability of CUs to hold virtual or hybrid member meetings and the procedures and disclosures that would be necessary. All CUs should check their bylaws and any applicable state laws to assess their ability to hold virtual or hybrid member meetings and the required procedures.

Lawrence Spaccasi, Partner, Luse Gorman, PC

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LENDING



The #1 impact will be a significant reduction in loan volume as millions of unemployed members stop buying cars and houses. Even those that keep their jobs will slow down their purchases as they react to a "loss of wealth" effect of seeing their retirement funds decline due to the stock market meltdown.

Brett Christensen, Owner, CU Lending Advice, LLC

We're inevitably going to have a recession blip, which will definitely affect the slowdown in lending that we were already experiencing, pre-COVID-19. This recession, hopefully, will not be as bad as 2008-2009, but no one really knows. What we do know, is that we learned a lot from that one. A lot of us working in CUs today were here, experiencing that personally, and Credit Union operations wise, so we have some experience with this situation. Let's all stay as calm as possible. We came out of that recession stronger than ever. So if we stay focused on serving our members, and if we use this as a time to reflect back on those past experiences to research and begin implementing new delivery methodologies, such as automated decisioning, multi-channel lending and delivery, and especially loan refinance/restructure programs, we should be able to maintain a good chunk of our loan business (like we did in the last recession). Perhaps more importantly, we'll come out of this one even more operationally and delivery channel strong. Most CUs have all the loan products and programs their members need, ease of delivery and customization to each member's needs. These are the next and ongoing issues we need to continually address. The "impact" will be that those who adapt by implementing new delivery (Multi-channel) methodologies, coupled with revised lending guidelines (for the short-term) that are deployed in specific situations like this, will be the big winners during, and especially after this situation resolves itself economically and behaviorally. How we act and react and serve our members right now are immediate and future game changers.

Walt Agius, CEO, CU Sol, LLC and CU Lending Edge (CUSO's)



Without a doubt we will see an increase in delinquency and charge-off. You need to increase capacity and effort in your collections department. A successful lending program is only as good as the collection's effort. Consumer lending will see a dramatic decrease in demand for new loans. Consumer confidence drives consumer spending. There will always be a replacement market for auto lending, but I wouldn't expect 2020 to look anything like the record years in production that you have seen in the past 3 years.

Don Arkell, Senior Consultant, CU Lending Advice, LLC

What is the #1 impact you expect to see on your CU or the credit unions you consult with as a result of COVID-19?

CYBERSECURITY & TECHNOLOGY



The necessity for remote work and work from home due to the virus will create challenges for CUs and their employees. This is especially true in rural areas where an employee working from home may not have the bandwidth in their neighborhood to work efficiently. Also, many credit unions are not equipped to be a mobile workforce—computers tend to be VDI or stand-alone PCs. Another challenge is the need for VPN connectivity to gain access to internal server resources. Many CUs are equipped to provide this access to key executives and IT staff, but not the rest of the business. Some of the challenges: capacity of the VPN server, software license keys, and available bandwidth for VPN traffic. Further, employees will need training on the use of the VPN as well. VPN access should be configured with multi-factor authentication to prevent successful password “stuffing” attacks against the VPN server.

Alex Hernandez, VP of Emerging Technology, Defense Storm



With so many employees being asked to work from home, CUs will quickly discover just how well their cybersecurity program extends beyond the traditional walls of their institution. All aspects of the security program will be challenged and will likely force CUs to update remote access, acceptable use, and disaster recovery policies and procedures, among others.

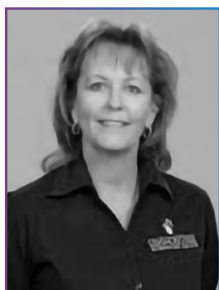
Andrew Hay, COO, Lares

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What is the #1 impact you expect to see on your CU or the credit unions you consult with as a result of COVID-19?

MARKETING



When faced with a pandemic, there is a need for effective messaging for the communication of reassurance. Marketing is usually thought of as simply promoting to bring in business. Yet, in these times of uncertainty, it is a critical component of telling members how the credit union is their trusted financial partner, engendering confidence. Using marketing channels, the initial messages need to be focused on how members have the ability to easily manage their money. First, a reminder of contactless banking through online banking, mobile banking, and ATMs provides members with options. The next message is to communicate changes in lobby service, hours, and closures. Finally, it is important to use promotional messaging for loans and other services as the financial partner to assist in their lives now and beyond the crisis.

Nicolette Lemmon, President, LemmonTree Marketing Group



The biggest impact I expect to see following the coronavirus health crisis is the coronavirus financial health crisis as local economies are grinding to a standstill as entire cities --and even states-- are getting shutdown. Looking at international trends and particularly studying China's coronavirus ongoing recovery, I predict community and state shutdowns will impact the vast majority if not the entire US over the next 4-6 weeks. And while not trying to sound like a fear-mongering alarmist, there are some expert predictions stating we'll see potential community lockdowns and social distancing as the new norm for the next 12-18 months to prevent the virus from flaring again. With all of this in mind, according to Moody's Analytics, nearly 80 million jobs -- more than half of the 153 million jobs in the overall US economy -- are at high or moderate risk today thanks to the coronavirus crisis. Now, this doesn't mean that all those jobs will be lost. However, it's possible that as many as 10 million US workers could see some impact to their paychecks through negative responses like layoffs, furloughs, reduced hours or salary cuts. Altogether, the negative impacts felt in the business sector -- both public and private-- will trickle down into the personal financial sector resulting in what I'm calling the "coronavirus financial health crisis".

James Robert Lay, CEO, Digital Growth Institute

What is the #1 impact you expect to see on your CU or the credit unions you consult with as a result of COVID-19?

MARKETING



Primary impact I see on credit unions is the need to balance employee and public safety with the duty to meet the financial needs of their members. For marketers this means coordinating public service messages while maintaining strong marketing campaigns that connect with in-the-market consumer.

Jim Craig, Co-Founder, Conotext, LLC



I think most members will be looking for information on their most basic needs: How do I access my money? How do I stretch my money? Is my money "safe" in a credit union? Many consumers who prefer or understand a different language, other than English, may be lost and feel forgotten in the shuffle in this rapidly-evolving crisis. They, too, need information. Crises put things in perspective and separates what it is superfluous from what is essential. Focus on the essentials and put yourself in your members' shoes. Mirror what you are feeling, struggling with...chances are you are in tune with your members.

Victor Miguel Corro, CEO, Coopera Consulting

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MEMBER BUSINESS LENDING



The COVID-19 pandemic will significantly impact commercial loan programs throughout the financial services industry. I expect the focus to shift away from new loan origination towards managing existing portfolios. Already we have seen an increase in demand from small businesses for payment deferments. As many small businesses are suddenly in a fight for their survival, the ripple effect will quickly move into commercial real estate loan portfolios as tenants struggle to meet their obligations under these unprecedented circumstances.

Shane Knighton, President & CEO, Member Business Lending, LLC



The coronavirus is taking a large toll on human life and, at the same time, major damage to the economy. More than probably anytime in our lives, almost every small business will be suffering temporary cash and working capital challenges. These challenges will create a major need for loans of all types by CU members. This expected activity will create new opportunities for CUs to grow revenues and better serve their members. To address this new influx in demand, solutions are needed that can automate member engagement, financial data and document gathering and risk evaluation. By lowering the effort and cost of understanding credit, money can flow faster and provide relief to CU members when they need it most.

William Borghetti, CEO, APiO, Inc.

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What is the #1 impact you expect to see on your CU or the credit unions you consult with as a result of COVID-19?



I think we are going to start to see a spike in commercial loan delinquencies. This will challenge CUs with the need to notify borrowers of the delinquency in order to preserve their collection rights while simultaneously figuring out what kinds of workout strategies will need to be considered to get through this crisis. Hopefully, we will not see the level of documentation flaws that existed in the 2008-2010 recession. Commercial lending has been rather blissful in the last few years with almost no CUs experiencing any level of loan portfolio non-performance. If forbearance is going to be given consideration, lenders are going to have to clearly understand the business model structure of their borrowers so that any modifications considered will create a reasonable expectation that the borrower will be capable of repaying the balance of the loan. Small business owners are caught in the crossfire. They employ millions of workers nationwide. If their sales volume drops dramatically, they can't keep their employees on the payroll. If the employees lose their jobs, all the discretionary spending they contribute to the economy will be gone. House and vehicle payments will be in jeopardy and consumer spending will disappear. How will Federal, State, and local governments react to this economic slowdown?

Jim Devine, CEO, Hipereon, Inc.



We should expect short term delinquencies (3-6 months) and have a clear strategy on how to handle payment deferrals or workouts. Contacting the most vulnerable borrowers early is the best action a credit union can take.

Michael Mucilli, Senior VP, CU Business Group

What are you doing or advising to try and mitigate the impact to your CU or to those with whom you work?

LEADERSHIP



Our advice is to be very wise about Deposit prices. As the market drops, don't delay in dropping your deposit rates. If possible, do delay in lowering loan rates, unless the higher loan rates make you not competitive. By dropping Deposit prices, you will not attract deposits you can't wisely use. At the same time, be wise about discretionary spending. It is a good time to put off any expenditure that isn't tactically or strategically necessary. Being profitable in 2020 is going to be challenging. At the same time, take the long view. There are some major expenditures in digital technology or other electronic systems that it may not be wise to delay. What we have seen from the COVID-19 scenario is the need for robust remote and digital workplaces and services to members.

Tim Harrington, President & Founder, TEAM Resources

- 1. Provide a sense of structure that team members can use to re-center and re-engage. Move away from the continuous news flashes to two, or just one, virtual check-ins a day. Video is a helpful way to connect for those who live alone and are working from home.
- 2. Listen to what your members need, your offer, your brand, and they then support their new lifestyle. Human connection, in many forms, is needed to retain our humanity in times of financial uncertainty. Humanly answer emails versus just automated responses.
- 3. Go for walks. Step outside a couple of times a day and walk around the block which is a nice refresher from the screens and constantly incoming social media.
- 4. Bring the topic of trust to the foreground with your new remote work plan. Dialogue on how team members will build trust via distance working and rotation of employees in the office. Produce self-clarity on how you trust others to fulfill their commitments if you cannot see them because they are remote.
- 5. Take care of your people. Having the right people on the team is even more important. Appropriately challenge and reward.
- 6. However, this new way of doing business has an emotional and financial impact on members. They may be fearful about surviving and basic necessities such as food on the table when a job no longer exists. How the CEO messages their guidance and directives is important to how employees serve their members.
- 7. We are reminding our clients to understand their embodied tendencies. Today we are in an unprecedented defining and triggering moment that has many of us off-center. Leaders who understand their own embodied tendencies in the midst of a triggering event are able to access pragmatic wisdom and take effective action. When a leader has self-clarity of who they are, how they practice leadership from an embodied sense, and how their presence impacts others then they can be more intentional and effective.
- 8. What are you practicing? Human beings change through practice and practice requires being intentional, systematic, and performing a series of actions, or movements, over and over until the new way of being becomes embodied, part of who you are. If you practice thrashing in chaos, you will be masterful in thrashing. If you practice centering in chaos, your presence will instill trust and confidence in others.



Deedee Myers, CEO, DDJ Myers, Ltd.

What are you doing or advising to try and mitigate the impact to your CU or to those with whom you work?



Get ahead of the delinquency problems. With the guidance from NCUA let people know you can defer their payments. Let them know you are here to help. If we can keep people feeling financially secure, they won't lose their house or their car because they drive an uber, or they are a waiter or waitress. Let them know you are there for them. Get ahead of this thing so you don't have to do a bazillion collection calls later. This is why I love credit unions - in time of crisis they care. Just because it is raining, they won't yank your umbrella away from you.

Rory Rowland, President, Rowland Consulting



Help with loans - deferments or extensions for our members. We are closing our branches with drive up services only effective 3/18 temporarily.

Val Mindak, President & CEO, Park City Credit Union



I suggest remaining calm, reminding yourself that this is a temporary phenomenon and that the plan that you worked on is still valid. This is a short painful detour; generally speaking, do not upend your plans.

Elliot Eisenberg, President & Chief Economist, GraphsandLaughs, LLC

What are you doing or advising to try and mitigate the impact to your CU or to those with whom you work

HUMAN RESOURCES



Be proactive. Communicate clearly and often. Reassure and choose a tone that leads confidently and calmly. Strive ever more intentionally for alignment. Leaders need to be saying the same things during times of uncertainty. Talk about a positive future and how people can respond in the present to help create it. Provide resources and places from which to access them, even if they are outside the CU. Thank people for the work they are doing and ensure they are aware of the benefits and resources available to them as associates and members.

Stosh Walsh, Managing Principal, Constant Organizational Development



Reprioritizing work to free up some of the HR resources to focus fully on the immediate COVID-19 matters, while allowing others to manage the “business as usual” consultations needed to run the business, so we can continue to serve our CUs at the highest level possible. We must balance both short and long-term goals.

Lisa Sutton, SVP, HR, PSCU



Push non-essential tasks out to the future - revisit periodically, understand - right now is crisis mode, then triage, then resetting the outlook and business plan, then moving forward to get as back on track as possible by serving member needs. The more you understand the CU will move through those phases, the better you can prepare to help them.

John Moreno, Senior Managing Director, Meyer-Chatfield Credit Union Division

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What are you doing or advising to try and mitigate the impact to your CU or to those with whom you work

FINANCIAL



Conduct a holistic analysis of the balance sheet based on the actual local competitive marketplace to determine what steps are prudent to boost liquidity, earnings and capital. One (of many) outcomes is the potential sale of assets including Visa B stock. There has been a noteworthy increase in boards wanting to understand the role of mergers in the business plan.

Peter Duffy, Managing Director, PiperSandler



CUs should be reviewing their customer loan and deposit portfolios to determine if any customers have particular weaknesses or vulnerability to the effect of the current COVID-19 operating environment. CUs should be taking a proactive look at loans to borrowers operating in geographic areas where emergency measures and closures have been mandated and in industries that have been and will be hardest hit by social distancing such as hospitality, restaurants, travel, exercise and fitness venues, entertainment venues and personal service industries. Additionally, CUs need to be assessing the potential liquidity needs of those vulnerable customers and be prepared for larger than normal requests for funds. One area to watch draws on unsecured lines of credit and draws on loans which do not require advance notice.

Lawrence Spaccasi, Partner, Luse Gorman, PC



What are you doing or advising to try and mitigate the impact to your CU or to those with whom you work

LENDING



As loan volume declines, credit unions can do the following to mitigate the loss in interest income:

- Improve their collections effort
- Cut expenses
- Improve their sales effort in order to maximize the loan potential of members that do apply.

Brett Christensen, Owner, CU Lending Advice, LLC



We're following all the rules and guidelines to minimize exposure, which keeps our teams healthy and working. I think most of us will admit that while we could not have specifically foreseen this event, we should have been more prepared for remote work and automation. So, this is our time to assess where we should have been, and begin working towards identifying and implementing those delivery channels, technologies and methodologies, so if (when) a future event like this happens we either have or can quickly deploy resources that minimize interruption of services, with the utmost convenience to members. We need to use the extra time we have now since things are operationally slower, to shore up operations and make delivery changes that make sense. Delivery is the main affect with situations like this. We are either swamped or slow. In this case, we'll be slower at the teller lines, and slower in the lobbies, but much busier on the phone(s), social media and online, so we must be able to shift and adjust staff accordingly. And I think, all CUs need to continue to communicate (but not over communicate) to members that their CUs are solid, strong and there to help in the safest, most financially sound ways possible.

Walt Agius, CEO, CU Sol, LLC and CU Lending Edge (CUSO's)



During the recession of 2008-2010, credit unions were widely seen as partners in their local communities. Now more than ever credit unions need to own the local message in lending. Lending is a long-term proposition, we build partnerships with our members that last longer than recessions. Take care of your lending staff, this will be a stressful time. These are unprecedented circumstances today. The role of the credit union is to provide affordable lending options to our member/owners.

Don Arkell, Senior Consultant, CU Lending Advice, LLC

What are you doing or advising to try and mitigate the impact to your CU or to those with whom you work

CYBERSECURITY & TECHNOLOGY



Ensure that appropriate monitoring capabilities are in place to monitor remote user access since this is different than the normal operation of your institution. Ensure you are communicating with 3rd party monitoring organizations that have oversight of your infrastructure used for or by remote access users. Review your controls related to remote access and ensure controls are in place, monitoring is working, and logging data is being collected.

Alex Hernandez, VP of Emerging Technology, DefenseStorm



We are telling all of our CU customers to weigh the risks of easing security restrictions on temporarily home-based employees. Unless employees were previously assigned laptops and mobile devices, the switch to personal devices could cause quite a bit of disruption and may even introduce never-before-seen security challenges. All exceptions to established policies should be carefully weighed against the CU's risk tolerance. Any changes that may introduce risks to the CU should also be thoroughly documented so that they can be reversed when this issue is resolved.

Andrew Hay, COO, Lares

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If you were to give other directors, CEOs and C-suite leaders ONE recommendation based on what has worked or not worked at your CU or those which whom you work, what would you advise?

MARKETING



During challenging times, the marketing plan needs to be reviewed and changed as necessary to ensure members turn back to the credit union for financial needs. The worst thing that can happen is to suspend the marketing plan which will mean “out of sight out of mind” with a loss of brand recognition. With the pandemic creating chaos for consumers, marketing messages have to be enveloped with concern and partnership. While fun, light-hearted marketing promotions may cut through the cluttered landscape, the consumer mindset is reeling from the closures, empty shelves at grocery stores, working from home, and even no work at all as businesses shut down. Therefore, marketing must be genuine, focused on being the steady force for managing the financial emergencies that come up. Also, there are those who will need loans, or loan modifications, for autos, homes, and personal purchases. The credit union brand needs to be top of mind through consistent marketing. Adapting marketing messages to the ways the credit union can be of assistance helps to cement a place in the mind of members as the financial partner. The key is to ensure the credit union is the first choice as a financial resource and not let competitors creep in.

Nicolette Lemmon, President, LemmonTree Marketing Group



There are three levels of focus we’re currently guiding financial brands through as they:

- 1. Courageously lead others through this time of crisis. This includes internal teams, assisting account holders and guiding them through the chaos.
- 2. Communicate clarity to teams, consumers, and small business that provides a sense of calm during the chaos. Simplify the complex. Reduce cognitive load. Light the path forward with next best steps and action items that create compounding value.
- 3. Commit to confidently coach during this time of conflict. Empathy.

Emotional intelligence. The human connection. All become exponentially more important in the weeks and months to come -- even in today’s digital world. Get good at asking good questions. Because many times people just need someone to listen to what’s bothering them. And once they feel like they’ve been understood, then and only then do you have permission to make recommendations and guide them forwards towards a bigger, better, and brighter future.

James Robert Lay, CEO, Digital Growth Institute

What are you doing or advising to try and mitigate the impact to your CU or to those with whom you work



Gear up advocacy and education efforts around your products and services that are targeted at different segments of your membership instead of generic one-size-fits-all promotions. Speak to questions and challenges different segments of your membership have right now and in the months to come will deliver plenty of opportunities to present product or service solutions to them in a genuine and authentic way. The results will speak for themselves and should help justify moving away from "sale" promotions in the future.

Jim Craig, Co-Founder, Conotext, LLC



Do not try to sell or push anything that may not be essential, thoughtful or helpful in a crisis. Share information on how to cope with immediate concerns and needs. Ask yourself: If I receive a communication like this, do I seem out of touch, tone deaf or living in an alternate reality?

Victor Miguel Corro, CEO, Coopera Consulting

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What are you doing or advising to try and mitigate the impact to your CU or to those with whom you work

MEMBER BUSINESS LENDING



Our CUSO is actively engaging with its credit union partners, recommending proactive measures to move quickly to address the needs of their business members, especially those who are small businesses most impacted such as restaurants, bars, and retailers. Specifically, we are recommending payment deferments for up to 6 months where there is demonstrable impact from the measures being taken by governments nationwide to contain COVID-19. We have also redeployed our personnel resources to address the uptick in demand for loan modifications, and we are also keeping our partners informed of the additional resources that are available to their business members such as SBA Disaster Assistance Loans.

Shane Knighton, President & CEO, Member Business Lending, LLC



Implement solutions that allow the CU to spend time with members that can be helped. Quickly refer those who can't be matched with an existing CU product or service. For example, solutions that can perform pre-eligibility screening for business loans will help keep your staff engaged with members who qualify. A quick, prompt-no is also a great value for members seeking working capital for their business as they can direct their attention elsewhere instead of waiting for weeks only to be denied.

Victor Miguel Corro, CEO, Coopera Consulting



CUs need to review the mix of loans in their commercial loan portfolios. They need to identify any significant concentration risks. It will be critical to know they are not vulnerable to loan documentation flaws. They need to be proactive with their small business borrowers. If repayment capabilities appear to be deteriorating, they need to develop workout strategies that make sense and can be effectively executed without the CU jumping from the collections frying pan into the fire.

Jim Devine, CEO, Hipereon, Inc.

If you were to give other directors, CEOs and C-suite leaders ONE recommendation based on what has worked or not worked at your CU or those which whom you work, what would you advise?

LEADERSHIP



Your members are going to be financially stressed from COVID-19. This is a time to commit to helping them and saving their loans. This can be a time where credit unions can again earn the loyalty of their members by being at their side when they need you most. This disruption may be a relatively brief one, if you can create a skip a pay program, allowing 2 or 3 skips during this period, you may be able to keep a member in a loan that they would otherwise default on. Don't be foolish and delay inevitable collections, but where there are good cases of temporary disruption in someone's personal economy, you may be able to save the loan.

Tim Harrington, President & Founder, TEAM Resources



Self-care is paramount. Understand your own embodied tendencies in times of chaos. Do you fight, flight, freeze, or lean in with appeasement? Re-center, several times a day as part of your self-care practice and you will increase resilience and retain the focus on the long-term and take the best actions day-to-day, minute-to-minute.

Deedee Myers, CEO, DDJ Myers, Ltd.



Keep your head on straight. Always be positive - always. Being positive in times of crisis saves lives. During the financial crisis of 2007/2008 I told CEO's to do this one thing. Get an audio copy of Alfred Lansing's book "Endurance." Listen to it everyday on your way back and forth to work. It is the greatest leadership story in challenging situations ever! Period. The best. Earnest Shackleton's expedition to the South Pole went well south in all the worst possible ways. His boat got crushed in the ice, sank to the bottom of the Weddell Sea, and he saved all 27 members while having to live on the ice for 9 months, and taking a life boat 800 miles across the Antarctic Ocean to a whaling station. Greatest lessons on leadership in challenging times ever. Here is one of my favorite quotes. "For scientific discovery give me Scott; for speed and efficiency of travel give me Amundsen; but when disaster strikes and all hope is gone, get down on your knees and pray for Shackleton" - Sir Raymond Priestly, Antarctic Explorer and Geologist. Get an audio copy of "Endurance" by Alfred Lansing and listen every day on your way back and forth to work. Beyond inspirational - it always makes me feel invisible.

Rory Rowland, President, Rowland Consulting

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My only advice is to not wait until you have an exposure which could impact your staff and/or members and get into the headlines.

Val Mindak, President & CEO, Park City Credit Union



Focus on the long run but also quickly and carefully prepare for a short and potentially very painful period.

Elliot Eisenberg, President & Chief Economist, GraphsandLaughs, LLC

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HUMAN RESOURCES



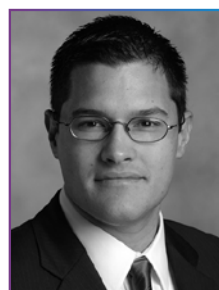
Lead by example. Take things seriously; don't be flippant or joking about the situation. Be sensitive to the needs not only of your associates and the communities you serve, but of the people they care about also. Service has always been the hallmark of the CU movement; now is the time to prove it is more than just talk. Culture always wins. When this crisis subsides, you will have either the opportunity to grow and build upon it, or clear insights into what must be changed. Identify which, then act. Thank people for the work they are doing and ensure they are aware of the benefits and resources available to them as associates and members.

Stosh Walsh, Managing Principal, Constant Organizational Development



This is a team effort. No one leader can manage it all. Pivot, take accountability, and communicate, communicate, communicate.

Lisa Sutton, SVP, HR, PSCU



Never let a crisis go to waste. There are a number of initiatives that have been back of mind, but not front burner. Now, the current environment is pushing those to the fore. Make sure you act on those items that would assist with the current crisis AND can be levered afterwards to enhance business resilience, work/life balance and employee satisfaction - remote work being a key example.

John Moreno, Senior Managing Director, Meyer-Chatfield Credit Union Division

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LENDING



Centralize ALL aspects of the loan process by removing lending from the branches. Doing loans in a branch is in the past; the phone, Internet and Mobile are the delivery channels of the future.

Brett Christensen, Owner, CU Lending Advice, LLC



Use this time to rethink and reform all your lending practices. From implementing real automation, adding new channels and especially online and ongoing refi/restructure campaigns, so that you are truly competing. Vendors and suppliers will also be slow. Spend time researching alternatives, suppliers will have time to talk, provide insights, and possibly will be prone to wanting to negotiate better deals to help you implement new technology and processes. Our members have needs, and in these times they may be unique and heighten needs that sometimes we just don't understand. Make certain your delivery channels are in place and solid to capture opportunities. Be at point of sale in as many retail sectors as possible, not just automobile. Be a small loan/payday loan alternative provider to help them live paycheck to paycheck, cost effectively. Help as many members as possible restructure debt, yours, as well as debt that is not currently on your books. Overall, get creative. Don't throw out all of your underwriting rules, but unique times require unique solutions. As much as I hate to say this, consider bringing in a consultant or two to assess your lending guidelines and policy, as well as operations. Get some outside advice and take at least some of it. We get very myopic as well as defensive about our own operations. Get an outside view

Albert Einstein said,

"We are not going to solve the problems of today with the same kind of thinking that created them."

Walt Agius, CEO, CU Sol, LLC and CU Lending Edge (CUSO's)



Keep operational expenses low.

Don Arkell, Senior Consultant, CU Lending Advice, LLC

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CYBERSECURITY & TECHNOLOGY



Make sure that your Active Directory infrastructure forces include strong passphrases greater than 12 characters with random characters and complexity. Force multi-factor authentication on your VPN users.

Alex Hernandez, VP of Emerging Technology, DefenseStorm



Strike a balance between accessibility and security within the CU. In a rush to provide access, you must ensure that you're not sacrificing the security or compliance of the institution, your employees, or the members just to facilitate remote access.

Andrew Hay, COO, Lares

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If you were to give other directors, CEOs and C-suite leaders ONE recommendation based on what has worked or not worked at your CU or those which whom you work, what would you advise?

MARKETING



Use storytelling to depict the credit union as a trustworthy, helpful financial partner. Provide as many stories to illustrate how your credit union is a quality financial partner. The stories can include examples of the credit union helping members with solutions, how your credit union is providing contactless banking solutions, how the staff has prepared the credit union to be a safe place to visit, and personal stories of coping with the changing pandemic restrictions. Stories that are from members and staff are perfect for social media and email marketing. These channels easily get the messages out about how the credit union is genuinely serving its members now and for the future.

Nicolette Lemmon, President, LemmonTree Marketing Group



I truly do see this crisis as an opportunity for credit unions to transform fear and anxiety -- that has created both chaos and conflict for consumers and small businesses within the communities they serve -- into exponential future growth. My number one top recommendation for a financial brand marketing leader is to forget about themselves as they commit to emphasize and empower others through courage.

During uncertain and chaotic times it is easy for people to turn inward and focus on their own personal needs. This physical and mental isolation results in a compounding scarcity mindset that leads to feeling hopeless and frustrated about the future. Instead of turning inward, go in the opposite direction as you focus externally on helping others transform challenges and struggles into new opportunities and even growth. The more you contribute and create value through an external focus, the less you'll have to worry about your own situation as you become the source of courage everyone else is searching for.

What all of this boils down to is courage. Academically defined courage is the ability to do something that frightens oneself. Courage is commitment and strength in the face of pain or grief. Courage is contagious. As professor and author Brené Brown notes, "Every time we choose courage, we make everyone around us a little better and the world a little braver." And that's exactly what we all need right now. Because our courage will directly impact the choices we make both personally and professionally in the weeks and months to come.

James Robert Lay, CEO, Digital Growth Institute

If you were to give other directors, CEOs and C-suite leaders ONE recommendation based on what has worked or not worked at your CU or those which whom you work, what would you advise?

MARKETING



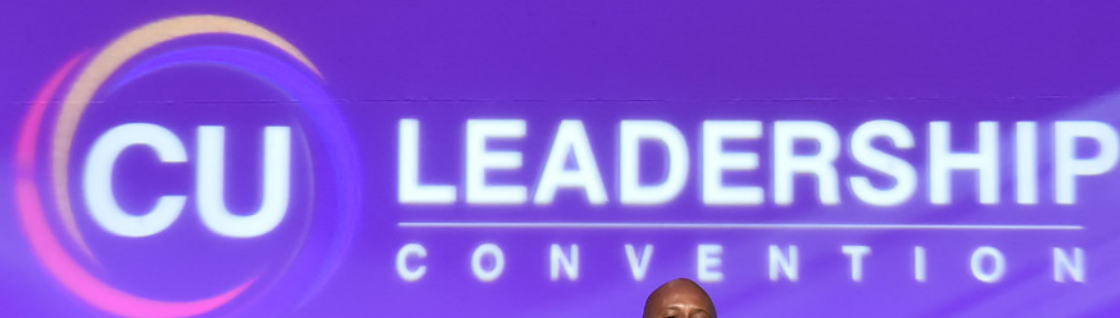
Don't stop marketing your financial solutions. You may have to be more sensitive with your messages, and definitely more targeted to reach only those most likely to need a given product or service, but financial stability is almost as emotionally important as physical safety in the current climate. Stay true to your role as an advocate for your members!

Jim Craig, Co-Founder, Conotext, LLC



Think of all of your members as you have many segments from all walk of lives. What is important to those who live pay check to pay check? What is the Spanish-speaking member wondering about? What is important to those who have significant money saved? What is important to those who were already late on their payment? What can you do to help? Become a conduit, a bridge, and a path; not an obstacle.

Victor Miguel Corro, CEO, Coopera Consulting



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MEMBER BUSINESS LENDING



Do not wait for the business member to call. Be proactive and maintain open channels of communication. Circumstances are likely to evolve quickly and you must be ready to respond.

Shane Knighton, President & CEO, Member Business Lending, LLC



Implement solutions that allow your team to engage CU functions and members from anywhere. Business lending in today's environment needs to change. Members can't come into the branch. CU team members need to be able to plug in and add value remotely in order to serve members in the new paradigm. The new paradigm will also last longer than expected and productive behaviors will serve both the member and CU well once the crisis has abated.

William Borghetti, CEO, APiO, Inc.



Be forthright, patient and helpful with your small business members in these difficult times. Still, work to create a Quid Pro Quo environment that does not allow members to get loan repayment relief without any consequences. You will have to figure out ways to help them without becoming their unpaid CFO and generating Lender Liability that could be greater than the amount of the outstanding loan.

Jim Devine, CEO, Hipereon, Inc.



Re-allocate proper resources to problem loan areas while continuing to capitalize on new business opportunities in this low interest rate environment.

Michael Mucilli, Senior VP, CU Business Group

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