

# The 2021 CU Leaders' Guide: Big Challenges, Big Solutions



# Letter from the Chairman...

## Dear Credit Union Leader,

What a year it has been.

We are coming out of the worst economic collapse not seen since the Great Depression. We are beginning to recover from the worst pandemic never seen in our lifetimes. And we are still living through a social revolution reminiscent of the 1960s. And we experienced all these historical events in just a 12-month period.

Leaders are keenly aware that challenges always lurk. The key is how we respond to those challenges.

To help you continue to adapt and transform how you do business in such unpredictable times, we have asked some of the industry's leading thought experts to identify the most significant challenge facing credit union leaders today – and share their best ideas to help you solve them. These are the same thought experts who will be sharing their innovative solutions at this year's CU Leadership Convention – featuring 4, one-day virtual events delivering practical guidance you need most.

In the following pages, you will get ideas to help you leverage big data, transform your culture, recruit and retain your top talent, engage members and prospects, increase the ROI on your marketing, and grow your organization.

For more solutions and the opportunity to connect and learn from other credit union leaders from across the country, please be sure to go to [www.CULeaders.com](http://www.CULeaders.com). We have 4, one-day virtual summits from which to choose!

Look forward to seeing you again very soon!

Dennis



### **Dennis J. Sullivan**

Chairman

**Annual CU Leadership Convention**

[www.CULeaders.com](http://www.CULeaders.com)

# “It’s A People Thing”



Way up high on our list of “things to do” is staffing the right people to ensure our success. What a challenge! They say “Culture eats strategy for breakfast.” That sort of says it all about the importance of people. Challenging? Yes. Below are some ideas to solve this ongoing concern for so many of us.

Baseball season is upon us, and math experts will be scouring the analytics while the old-fashioned “scouts” are spending shoe leather moving from field to field looking for the next superstar. A five-tool player is the hope for all to find. The search is on for that rarity who has the ability to: 1) hit with power; 2) hit for average; 3) field; 4) have speed; and 5) able to throw a ball with speed and accuracy.

Credit union executives should adapt a five-tool approach to staffing. After all, as the old adage goes, “he/she who has the best people wins.” The genesis of all success is our people. Behind the tech and in front of the members, people are driving your credit union’s growth, relevancy, and solvency. Find and keep the best--that’s the goal.

Tools include: 1) Discernment and Deductive Reasoning. Can your superstar get through issues quickly with attention paid to resources and positive member outcomes; 2) Digital Proficiency is required to keep pace with your ever-changing need to improve skills; 3) Solution-oriented. Transactions will be done electronically so member relationships will jump to the forefront. Solving problems and helping members to aspire to higher standards of living and better lifestyles will be a must; 4) Conversational people who effectively listen and speak with clarity make for effective relationship-building; and your superstars of the future must 5) Love people. The display of human dignity and empathy confirms your credit union as the member-owned cooperative it is chartered as.

Find the best people and be the best credit union.

**Patrick Adams**  
Strategic Advisor  
**St. Louis Community CU**  
St. Louis, MO

# Cultivating Interdependent Helping in an Independent Culture: Relevant life lessons from psychological science



With a core value to help people improve their lives and those of others throughout their community, the Credit Union Movement spreads a spirit of “people helping people.” This laudable Movement to cultivate interdependence can be challenging among citizens with an independent self-serving mindset, activated and supported by the social media in a win/lose “ticket-or-ticket” culture. Indeed, win/lose is a common perspective of business and industry, including banks and credit unions—everyone for him/herself, even at the expense of others.

The large-scale practice of certain evidence-based principles from psychological science can shift a culture from win/lose independence to win/win interdependence. These practical life-improvement lessons include: a) Use more positive than negative consequences to manage behavior, and thereby promote a success-seeking over a failure-avoiding mindset; b) Promote perceptions of personal choice, competence, and community, and thereby enhance self-motivation and authentic empowerment; c) Express sincere appreciation and gratitude, and thereby benefit intrapersonal and interpersonal subjective well-being and life satisfaction; and d) Practice interpersonal empathy and compassion to achieve self-transcendence, and thereby improve quality of life and human welfare.

These life lessons are exemplified by the Actively-Caring-for-People (AC4P) Movement my students and I initiated after the Virginia Tech (VT) tragedy on April 16, 2007, when an armed student took the lives of 32 students and faculty and injured 17 more. In a time of extreme uncertainty, grief and reflection, we developed a socially-engaging process for spreading interpersonal gratitude and prosocial behavior campus-wide and beyond. The AC4P Movement is a practical and synergistic integration of behaviorism, humanism, and positive psychology, designed to increase occurrences of interpersonal acts of kindness worldwide.

Individuals thank others for their act of kindness by giving them a green AC4P wristband that includes a unique identification number, signifying their membership in the AC4P Movement. A wristband recipient enters the wristband number at the AC4P Website—[www.ac4p.org](http://www.ac4p.org)—and describes the particular act of kindness observed. Subsequently, the wristband recipient looks for an opportunity to pass on the AC4P wristband to another individual observed performing an interpersonal act of kindness. The acronym STEP defines this process—See an act of kindness, Thank the individual with an AC4P wristband, Enter the wristband number at the AC4P Website, and Pass on the AC4P wristband with its unique identification number to another individual observed performing an act of kindness.

To date, more than 10,000 AC4P acts of kindness have been posted online, with several positive exchanges printed in AC4P education/training manuals customized for police officers (Geller & Kipper, 2017), school personnel (Geller, 2017), safety professionals (Geller & Geller, 2017), college students (Geller, 2018), and for parents and caregivers (Geller & Fournier, 2021). Nevertheless, the evidence-based prosocial AC4P principles

and applications have not yet achieved the public dissemination the world desperately needs, perhaps now more than ever. The AC4P STEP process needs to be adopted and applied by a large far-reaching and influential organization with a mission to help others. Might this be an opportune endeavor for credit unions nationwide and beyond?

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#### **E. Scott Geller, PhD**

Alumni Distinguished Professor

**Virginia Tech**

Blacksburg, VA

esgeller@vt.edu

[www.gellerac4p.com](http://www.gellerac4p.com)

# What's needed now: A new concept of risk



With low interest rates and excess deposits that have poured in during the pandemic, matched with what seem to be rising operating costs at most credit unions as they race to meet the need for easy and intuitive digital offerings, many credit unions are seeing a real squeeze in their Net Interest Margin and ultimately the ROA. So what can you do?

It is clear that just doing what you did or have been doing, will not bring you higher revenue, lower costs or improve profit. You have got to do something different. This is a period where “banking” is being reinvented. Unfortunately, it is not credit unions or even banks doing most of the reinventing, it is unregulated fintech companies with endless supplies of venture capital and no legacy software to hold them back. None-the-less, you need to meet the growing demand for easy, convenient and intuitive digital products and services.

This is a period where creative solutions, deployed quickly, and beta tested using members will be rewarded. But that is not something that credit union management people have been comfortable with, nor rewarded for, in the past. Brett King, author of numerous books on the new world of banking goes so far as to say, you cannot create the bank of the future with your present management team. He says they are too steeped in a ‘steady as it goes’, ‘take no risks’ attitude.

I don’t necessarily agree with Brett King, but I do agree that we must change our concept of risk. Doing the same thing is a much greater risk to your future than moving to a new paradigm of “Fast Fail”. Fast Fail is the idea that we move quickly to identify and deploy a new product or service. Set up systems to monitor usage, successes and failures of the product or service, and rapidly make the changes necessary to fix the failures as quickly as possible. You may think the market will punish you for that, but it is just the opposite; this is what the market is in fact rewarding.

So to produce the revenue you need, you are going to have to lend differently, learning to expand your risk appetite on quality, lower credit score loans. You are going to have to find new ways to generate non-interest income. You are going to need to make greater use of technology to serve transaction members. And you are going to need to use artificial intelligence to open new accounts and approve loans with little or no human intervention.

This is a stressing but exciting time. The pandemic has changed the landscape, and to a degree been a catastrophe. But like I regularly tell my clients, “In the midst of catastrophe lie the seeds of opportunity”. This is the time to plant those seeds.

**Tim Harrington**

CPA, President

**TEAM Resources**

[www.ForTeamResurces.com](http://www.ForTeamResurces.com)

# Making the shift to transformative change with a new focus



No one likes change, but everyone likes to be a part of progress. The Voice Of the Customer (VOC) encapsulates the needs, wants, expectations, and preferences, both spoken and unspoken, of a business's customers. In our industry, we refer to this as Voice Of the Member (VOM) and a growing number of credit unions are implementing formal processes that measure and optimize the journeys that deliver on their VOM. But have you heard of VOB? This is the Voice Of the Business and for credit unions it includes the needs, wants, expectations, and preferences, both spoken and unspoken, of the people who constitute (run) the credit union itself (e.g., officers, employees, or others involved in corporate governance). As credit union leaders seek to make meaningful, lasting improvements across the enterprise driven by the member experience (MX), they must be cognizant of the VOB by figuring out how to bring the stakeholders along with them. Doing so, may be the single biggest challenge facing credit unions today.

So how can credit union leaders drive lasting, transformative change, particularly by leveraging quantitative and qualitative member feedback? The first step is to activate your champions, by celebrating your quick wins. The more you can show quick wins of progress, the more engagement you'll find throughout the enterprise and continued support you'll gain. You know that the results are going to feel personal for people, so you also want to focus on making your results bulletproof, built on a proven, scientific methodology, so the results cannot be disputed or discredited regardless of what those results are. Good, bad or neutral. And don't stop at results. You need to link your member experience management efforts to measurable, visible value in ways that support the business goals and objectives.

If you're not solving a known business problem or opportunity, it's really difficult to tie business metrics back to the member feedback or the value or impact certain improvements might be able to achieve. Tying the problem or opportunity to known business or financial or operational metrics is key to demonstrating value and getting the organization to support a focus on improving the experience. Keep in mind, it's usually not enough just to improve the experience. Most credit union leaders expect that there are clear, tangible business benefits with proven ROI before embarking on significant investments. Proving ROI with MX initiatives can sometimes be difficult, but it's important to not only project the anticipated business value, but to track the business value and financial value attributed to MX through time.

Linking MX initiatives to other cross organizational initiatives or priorities can often be used to drive efficiency gains across the organization. And then aligning the outcomes of MX initiatives to the measures that matter most to your credit union's executive scorecards or their business goals directly, is one of the most effective ways of driving visibility and the measurable business value of MX. Listening to the Voice Of the Member is one of the most powerful means of driving positive change for your credit union. Ensuring you recognize and connect with the Voice Of the Business... is the secret to making it stick.

## **David Dean**

Chief Operating Officer of Marketing Solutions

**CU Solutions Group**

david.dean@cusolutionsgroup.com | 310-497-7056 | [www.cusolutionsgroup.com](http://www.cusolutionsgroup.com)

# The key to better marketing: Building relationships with purpose-driven values



The biggest problem for credit unions is continuing to “market” to members and potential members in the same ways. It was coming anyway, but COVID and 2020 changed not only the way we engage with brands but also the expectations consumers have about the brands they choose to do business with. As an industry, credit unions can’t compete on price or technology but they can differentiate themselves through the way they build relationships with members and the communities they serve. Leading with purpose and values for today’s world is what can help our industry succeed in a market that’s changed so much.

## The three steps to survival and success:

- Evaluate and articulate your brand. Do your values and brand promise still stand true to who you are as an organization and the value you bring to members and your community?
- Know your members and potential members. Leverage the data you have to know their financial behaviors and anticipate their needs. How will you lead with your brand to attract those members and potential members?
- Develop a unique brand experience that stands the test of post-COVID when they aren’t coming to the branches as much. How are you going to build and foster close relationships with members and attract new members now and in the future?

### **Amanda Thomas**

Owner

**TwoScore**

amanda@twoscore.com

833-TWO-SCOR

[www.twoscore.com](http://www.twoscore.com)



# Diversity of thought = a new approach to gaining a strategic advantage



Credit unions are cooperatives and built upon the principles of common bond. Memberships are evolving and there is a huge opportunity to evolve with the people within their field of membership. Many of the leaders and Board members represent yesterday's membership and may not be representative of potential, new people within their markets. It is not just the demographics; it is about diversity of thought. Varied perspectives and opinions in healthy, vulnerable conversations are critical. Diversity of thought can be a strategic advantage and bridge inclusion divides.

What solution, idea or guidance can you offer to help solve the challenge you described above. You may include more than one.

Diversity embodies many facets of the human experience, however diversity of thought is not easily recognized nor included in organizations at the executive and board level. Collaboration is a cornerstone of credit unions, but vulnerable collaboration creates a platform that instinctively minimizes exclusivity while nurturing diversity in thought, knowledge, expertise, and life experiences. Encourage your executives and volunteers to expand beyond their safety net of learning. Look for community engagement in areas where your research and gut tell you the membership is shifting. Engage employees in the journey so they feel more involved in the mission and the purpose of a credit union. Ask for ideas and create an open environment for sharing those ideas. Not everything will make it to the strategic list, but it will become a stronger credit union. Do the same with your board members. Reach out to different industry thought leaders, be a part of the Underground to share best practices at a deeper, authentic level and create a safe environment that allows for growth and vulnerable collaboration. This approach will ensure the future of the credit union's relevancy and impact.

## **Susan Mitchell**

CEO

**Mitchell, Stankovic and Associates**

susan@mitchellstankovic.com

855.362.2002

[www.mitchellstankovic.com](http://www.mitchellstankovic.com)

# Practical steps to keep your best and brightest



Keeping employees engaged and motivated, especially after times of crisis, is the single most important challenge credit unions face today. Without a focused workforce and strong morale, member satisfaction and productivity plummet. Between the blurring of work/life balance, political unrest, negative news, and the on-going stress of living in a global pandemic and isolation, a new type of employee burnout has been born.

At Collins Community Credit Union, we embrace a holistic leadership philosophy that considers the total employee and focuses not just on their work but also their mind, body, health, and well-being. Developing outlets that address these different facets of the employee's life has been critical in combating burnout and building team spirit. One way we focus on holistic leadership is by offering an onsite certified wellness coach that customizes workout plans and teaches group fitness classes. Additionally, we encourage our staff to break up the monotony of their day by taking advantage of the bikeshare program, collect their thoughts in a Zen room, or collaborate with their colleges in our pub. Having collaborative spaces has fostered a great sense of connection particularly in times where we crave connection most.

In addition to physical wellness, we've also worked to increase communication regarding our mental health resources. We actively promote the Employee Assistance Program (EAP), created safe culture that reduces negative stigmas, and promote education and awareness about mental health and stress management. We also encourage mindfulness sessions, provide 60 hours of wellness time to every employee in addition to their PTO, and are working to obtain Mental Health First Aid certifications throughout the credit union. This training will help staff spot early warning signs and provide tangible solutions for any employee who may be struggling.

We also know that food brings people together. Our leadership team has cooked breakfast, lunch, and dinners at our corporate headquarters building for staff in times of stress. After the Derecho hit Iowa in August, it was powerful to see how a shared meal could provide such a strong sense of community in times of despair.

Lastly, we encourage open communication through townhall meetings and utilize employee surveys to gather direct and anonymous feedback. Staff feedback holds the organization and our leadership to the highest possible standard. During times of stress, it's important to celebrate wins, no matter how big or small. At Collins, we use the rewards and recognition platform, YouEarnedIt, to share gratitude and recognize staff. This platform allows staff from all markets to learn about all the good things happening in our organization and share in each other's success. By offering a diverse range of outlets for staff to exercise their "whole" selves, we empower them to take control of their workplace engagement. The benefits go beyond the individual employee impact; we see increased productivity, employee attraction and retention, and member loyalty and satisfaction when employees are fulfilled and engaged.

**Stefanie Rupert**

CEO

Collins Community Credit Union | [www.collinscu.org](http://www.collinscu.org)

# Making the shift from succession planning to succession readiness



While most, if not all credit unions have a succession plan, fewer know whether they are truly ready to execute.

Tracking real-time succession readiness helps credit unions identify whether they'll be able to effectively respond to critical management and volunteer succession events, and if not, the specific areas of risk to be addressed. To that end, credit unions would do well to establish succession-specific development expectations for key management and volunteer positions, and for the individuals that may someday hold those positions, and then track development progress accordingly. Succession risk is real, especially for today's larger and more complex credit unions. Being "ready" for succession is one effective way to mitigate that risk.

**Tom Glatt, Jr.**

Owner

**Glatt Consulting Group. Inc.**

[tglatt@glattconsulting.com](mailto:tglatt@glattconsulting.com)

(888) 217-5988

[www.glattconsulting.com](http://www.glattconsulting.com)

# 4 steps to create a more resilient organizational culture



In the last year, credit unions have had to address complex changes to continue to serve their members. Leaders and employees alike faced new hurdles, and built new skill sets along the way. One trait of great importance during this time was resilience. Not just short-term resilience to a mild disturbance, but long-term resilience to overcome repeated adversity. While we know that the current crisis will subside at some point, the fatigue of weathering uncertainty requires building a strategy for performing as a resilient leader for the long haul. Resilience is defined as the ability to adapt and recover from difficult events, and 2021 will be a year of adaptation and agile recovery. To achieve this, leaders and employees will need to continue to grow their skills to take on unknown challenges and prevent massive burnout. A continuous commitment to growth in this area will prepare credit unions and their workforce for the next normal.

The path forward. The resilient leader implements activities to not feel so caught off-guard by their circumstances. Many successful leaders apply the practice of strategic foresight which is the ability to look at the future, spot emerging trends, and address them proactively. This practice not only prevents you from being consumed by the present situation but allows you to prepare for future disruptions and take advantage of new opportunities. If you don't have a strategic foresight practice in place, consider creating a staff group or committee to focus on the future and identify what's around the corner.

Next, consider the following steps to create a more resilient organizational culture.

**Define:** What does resilient leadership mean to you? With your definition statement, seek activities that strengthen the traits you've identified as best demonstrating resilience.

**Design:** Review the work practices at your credit union. Do they build organizational resilience? Consider implementing actions and policies that promote adaptability.

**Engage:** With your staff, work to create transparent and open communication along with safe work environments. According to the Harvard Business Review article Beyond Burned Out (2021), "poor communication during the Covid crisis has been a primary regret for more than a third of C-level leaders – and 32% of employees surveyed claimed they yearned for more communication, done sooner and more transparently."

**Reflect and Take Action:** Review the work you've done on a periodic basis. What's working well and what needs work? Prepare before the next crisis. The ability to innovate, experiment, and take measured risks relies on a credit union having a culture of resilience. That organizational resilience takes shape from having a resilient leader willing to anticipate, plan and respond to difficulties as they occur. It's no longer about returning to a state of ongoing balance. The pandemic has shown us that resilience is a dynamic place from which to lead. When done well, the resilient mindset becomes embedded across all organizational levels and not only drives a healthy work culture, but also credit union growth.

## **Nicole Brusewitz**

VP of Education & Events

**Mountain West Credit Union Association**

nbrusewitz@mwcu.com | 720-479-3200 | [www.linkedin.com/in/nicolebrusewitz](https://www.linkedin.com/in/nicolebrusewitz)

# CUs can take the lead in eliminating racial discrimination



The African-American Credit Union Coalition (AACUC) started with a simple conversation among a group of Georgia credit union professionals who shared a desire to get to know other African American professionals in their industry. Today, 23 years later, its commitment to its mission “to increase diversity within the credit union community through advocacy and professional development ” remains the core tenet of the organization. Because Credit Unions were founded on Cooperative Principles, and based upon the credit union motto of “Not for profit, not for charity, but for service and credit union philosophy of “People Helping People” - we sincerely believe that Credit Unions can lead our nation in eliminating racial discrimination.

In 2020, we launched the Commitment to Change: Credit Unions Unite Against Racism initiative. This initiative focuses on unification, education, conversations, and investments that will move the credit union movement into a future where diversity, equity and inclusion can thrive. There are four key pillars of the Commitment to Change.

## **Change initiative:**

- Diversity, Equity and Inclusion in the credit union industry allows us to lead by example. From the boardroom to our tellers, our people make the difference and our diversity is our strength.
- Financial Inclusion for the unbanked and underbanked is consistent with our ability to offer access to fairly-priced financial services for individuals with lower earnings.
- Closing the Racial Wealth Gap through financial education, small business acceleration, home ownership initiatives, and other wealth building strategies.
- Community Involvement initiatives supporting the advancement of low-income communities of color through youth development, education, and workforce development.

We invite all credit union professionals to join us in two of our signature Commitment to Change programs.

**Commitment to Change Conversation Series:** Creating a safe space for AACUC members to have “real talk” on the emotional and psychological impact of current events and how to bring about sustainable change. In the ongoing series of virtual conversations, topics have included the impact of police brutality, the fears of being profiled, what it’s like to experience microaggressions, and the reality of trauma that can happen to an individual and/or groups as a result of oppression.

**Diversity Equity and Inclusion Leadership Academy for Financial Professionals (DEI Academy):** To further illuminate DEI among credit unions, AACUC’s interactive program will be offered four times a year, inviting in-depth exploration of diversity, equity, inclusion, and how to better understand the nuances of racism. Many supporters have stepped up to join us, including credit unions, leagues, CUSOs, and vendors.

## **Renée Sattiewhite**

President & CEO

**African American Credit Union Coalition (AACUC)**

770-761-2769 | [www.aacuc.org](http://www.aacuc.org)

# “What do we need to do to be amazing?”



One of the biggest challenges facing credit unions today is complacency and inaction. When your credit union is waiting to make changes or waiting until COVID is over or waiting for the rates to change...opportunities are passing you by. The credit unions and leaders that will take the steps necessary to move forward, get ahead and create a culture of proactive response, will survive and thrive. It takes big picture thinking, innovation and effective execution to operate a credit union that is progressive rather than just existing.

What solution, idea or guidance can you offer to help solve the challenge you described above? You may include more than one.

Moving your credit union culture from a reactive environment to proactive one takes big picture thinking, strong leadership, bravery, and a passion to put the member experience first at all levels. We all say we give great service but it takes an open and honest look at our service to really determine where we are with member experience and where do we want to be? It takes an entire team to identify the gaps, engage your teams and put the processes in place to operate at a higher level of member service that truly exceeds expectation rather than just operate day to day and putting out fires. Find your voice and engage your teams by asking them, “What do we need to do to be amazing?” and then really listen. Listen to where we are falling short, engage your team to find solutions and then GET IT DONE. No excuses.

## **Stacie VanDenBerghe**

Consultant

### **CU Innovate**

Stacie@cuinnovate.com

517-204-8858

[www.cuinnovate.com](http://www.cuinnovate.com)

# The Performance Gap



Many senior leaders share with me one of their biggest fears. The dreaded performance gap. When they are real, they share their fear of the performance gap between the potential and actual performance of their team.

What is your performance gap?

If you haven't identified it you're missing a huge opportunity. Typically, when I ask senior leaders what the consistent level of performance of their team is - there is silence and blank looks. Then with some time to think and a group exercise they usually settle on about 70% to 75%. What would your bottom line and culture look like if you could close that gap by 10 percentage points? What if you could close the gap by 15 or 20 percentage points? One of the most powerful tools for improved performance is a coaching culture.

Performance equals potential minus interference. Or put more simply  $P = P - I$ . Interference can be identified in three ways **will**, **hill** and **skill**. If your managers are taught how to coach effectively you can close this performance gap with a coaching culture. If your managers can determine if it is attitude/will or obstacle (hill) or a lack of skills. If they can zero in on the challenge or the interference of your team, they can improve the performance gap.

What would your bottom line look like if you got 10% more from your team? What would your member service look like if everyone were asking "how do we improve this?" However, most managers are not taught how to coach or to identify the typical interference of their team members. Most managers tell their team what to do, and this leads to a loss of engagement. A loss of engagement is a drain on your morale, your bottom line and growth. What if you could add 10% to your bottom line every year over the next 10 years how would that improve your capital? How would that improve your growth? How would that improve your management team and your culture?

A coaching culture can be a significant improvement in your organization. What if you improved engagement? What if you improved the power of questions throughout your entire organization? What if you coached with questions? What if you lead with questions? A coaching culture can take care of all these items - it can improve your performance and close the performance gap. So that your employees are more engaged, you have longer-tenured employees, you have a reduced turnover rate and you're beating the competition because culture beats strategy all day long.

Rory Rowland has a podcast called "[Coaching for Potential](#)" where he shares many of these ideas.

Rory also has an online training program called coaching manager University and can be found at [Coaching Manager University](#)

## Rory Rowland

Founder

**Rowland Consulting**

roryrrowland@att.net | 816-478-3249 | <http://roryrowland.com/>

# 5 questions to help you leverage your best kept secret – Big Data



The pandemic has forcefully reminded credit unions that they urgently need to leverage their robust data to help their members navigate this “new normal”. But honestly, credit union enterprise data is all over the place (60 to 100 systems), and a data initiative feels too overwhelming and expensive to take on right now. A major pain point is filling organizational data knowledge gaps. It is difficult to move forward when it feels like no one is speaking the same language. Understanding the core competency in data knowledge will only strengthen a credit union’s success in launching a data effort.

**A recipe for data success is to start with a solid understanding of your credit union’s current data condition.**

Here are five questions to help your credit union gain clarity on its knowledge gaps and identify opportunities.

## **1. Is the enterprise data vision relevant?**

Take a moment to review the organization’s data vision. What was the business problem identified that data will solve? Does it seem relevant? How should it be adjusted or completely scraped?

## **2. What friction do our members/customers experience doing business with us?**

Your members/customers are engaging with your organization in ways they may not have in the past. The iterative changes your organization can make to reducing friction will prove beneficial both in the short and long term.

## **3. What is the current state of our data culture?**

Taking a moment to identify the good, the bad, and the ugly of your “new normal” will help bring clarity to positive aspects of your organization’s culture and what to continue to encourage, foster and feed.

## **4. What is the current state of our organizational data maturity?**

Take a moment to review the current state of your organization’s data maturity. What is the current state of your organization’s data? Do you have a formal data governance program? If data maturity feels like a low priority, then please take a moment to adjust your thinking. Data maturity is the foundation, the blueprint, the architectural renderings to your dream data home. Most home building experts will never head to an open piece of land and just start digging and hope to create a home. Why would you do that with your data?

## **5. What does your workplace adoption road map look like?**

What are the time horizons? Does it include workflows for strategy, culture, data maturity, and member-centric use case development?

The outcome of this assessment will provide insights into resource allocation to create a data strategy, use case, data governance, consumption of data by talent and road maps, and ideally a successful data journey.

### **Anne Legg**

Founder

**THRIVE Strategic Services**

anne@anneleggthrive.com | 858-255-0636 | [www.anneleggTHRIVE.com](http://www.anneleggTHRIVE.com)



# Riches in Niches: A shift in mindset for future growth



Credit unions are flooded with deposits and the challenge of transitioning these funds into interest-earning assets is real. The solution is to lean into the natural advantages of CUs - personal relationships, mission-driven and community commitment - and create new niche opportunities for growth beyond deposits alone.

Niche opportunities are focused in scope - geared at a very specific group like contractors, minority-owned small businesses, gig workers and first responders - with highly relevant feature sets including modern credit cards, alternative mortgage, direct and indirect lending and insurance.

Credit unions are already serving these groups broadly, but can attract more members by going deeper into these segments with relevant hooks.

The time to do this, of course, is now and the data exists to create and pursue these segments. What's needed is a shift in mindset - to broaden the brand promise of the credit union instead of continuing to build additional features and offers generically.

## **John Janclaes**

President

**NYMBUS CUSO**

[www.NYMBUS.com](http://www.NYMBUS.com)

# The Four Simple Steps to Maximize Your Digital Growth Potential



With all of the massive changes brought on by COVID, the biggest challenge facing credit unions is their ability to continue to adapt their thinking and doing at a sustainable pace for continued future growth as COVID is just a preview for all of the massive changes to come over the next 5-10 years.

We once thought technology would be the driver of these changes—specifically when considering human and consumer behavior—but now, with COVID, we see environmental changes can force far more change at a faster pace than any of us have ever experienced in our lifetime.

As a result, it is easy for credit unions to get stuck in the Cave of Complacency that creates a pseudo-security one can observe simply by looking at the corpses of fallen brands that litter the cave floor who also sought solace in the cave.

The good news is credit unions do not have to stay trapped inside the Cave and can come out with courage and confidence by first gaining clarity into what the greatest opportunities are for future digital growth.

And it is through clarity acquired by a continuous commitment to training and education, credit unions will empower their marketing, sales, and leadership teams to overcome the fear of the unknown that hold so many back from moving forward and taking their very first steps.

From there, fear of change and fear of failure can be eliminated through an objective digital diagnostic study that yields a strategic action plan to help increase a credit union's courage to commit to move forward.

And finally, as a credit union begins to move forward along their Digital Growth Journey, measuring the progress made every step of the way will guarantee they increase their confidence instead of feeling overwhelmed with all there is to do.

## **James Robert Lay**

Founder and CEO

**Digital Growth Institute**

[www.DigitalGrowth.com](http://www.DigitalGrowth.com)

[jrwlay@digitalgrowth.com](mailto:jrwlay@digitalgrowth.com)

## Certified Financial Specialists and virtual branches— 2 new ideas to appeal to new members



Our existing members—particularly those who have been with a credit union for many years—see the true value of credit union membership, both in terms of savings and lower rates/fees as compared with large banks, and also in terms of the relationship they have with our team and organization. The biggest challenge is telling the credit union story to new, millennial consumers, many of whom don't understand the advantages of a credit union, how we differ from large banks, and why our services are on par with many web banks and even fintechs.

Patelco is focused on meeting millennials where they are at on their financial journey. Our marketing and our content are designed to speak to millennials in a meaningful way that truly addresses the different places they may be along their financial journey. We communicate so that they don't feel intimidated by what they don't know - we don't want this group to come away feeling uninformed or thinking there's financial information they should already know. We want to be a source of sound advice, and we want to deliver that in a way that has a personal, human touch as well as being digitally current.

We've recently added a new position at our branches—the Certified Financial Specialist (CFS). Our CFS are ready to have one-on-one conversations, free of charge, with millennial consumers (and our members too, of course). They're not investment advisors, and so there's no expectation for millennials to have a certain amount of money or financial savvy to talk with a CFS. To meet the digital expectations of our millennial consumers, we're also innovating our delivery channels. One of the most exciting developments in that area is our virtual branch, which invites consumers to make a virtual appointment online with our branch team—so they can get the branch experience without having to drive or wait in line.

### **Erin Mendez**

President & CEO

**Patelco Credit Union**

[emendez@patelco.org](mailto:emendez@patelco.org)

[www.Patelco.org](http://www.Patelco.org)

# A leadership strategy to adapt to change and create sustainable growth



Mobilizing growth starts with a blueprint. It requires building-block strategies and purposeful planning to construct and maintain a resilient, sustainable infrastructure. Our goal is to have emerging credit union leaders know what it takes, nurture their competencies, and build the skill sets necessary to become CEOs. At the same time, work with seasoned leaders to mentor, coach and make intentional decisions to build a legacy. All of us should consider, how do we leave the credit union industry better than we found it?

## Three Succession Plans

Your Credit Union Needs Preemptive planning is a prudent practice that requires collaboration and input by the CEO, board and the credit union's HR department. The three types of succession plans credit unions should be designing to prepare the next chain of command include a CEO Succession plan; board succession plan and an emergency succession plan and briefly defined as follow:

- CEO Succession Plan—A plan that makes accommodations for a planned executive departure that addresses such issues as hiring criteria for new CEO; impact on staff and budgeting; timeline for departure, communications and financial stability through and beyond a changing of the guard.
- Board Succession Plan—A board-member driven document that determines the direction credit union members want their boards to strive towards, identifying potential replacements and defining onboarding practices.
- Emergency Succession Plan—A roadmap defining best practices in cases of a sudden departure, short-term or extended absence, illness or death.

## Look Inside the Box

All leaders eventually part ways with their credit union. It is inevitable. People retire or move on. It is critical to understand the gaps in your leadership pipeline, identify high-caliber candidates and take a proactive approach in organizational readiness by grooming a go-to group of candidates who can step in where there is an unexpected vacancy. You can avoid long wait times to fill an empty office with the right candidate by making succession planning a top strategic priority.

## Right Leaders in the Right Seats

Remember, think about the importance and power of diversity in your grooming and developing of internal talent as well as selection of your leadership. Do our executives represent our membership? Do we have people of all ages? Do we have both men and women? You will need a leader who can navigate disruption, advance your mission, one who will pivot as needed and strive to:

- be more technologically literate
- learn to deal with uncertainty
- clearly and effectively communicate (interpersonal, verbal and written)
- share insights with the team
- lead with a member-centric focus
- recruit and groom a new generation of leaders
- embrace innovation

The board's role is to support current leadership and the entire organization as it goes through the motions of transition and encourage the development of qualified candidates to fill critical positions. Board succession and recruitment continues to be a challenge for credit unions. Issues like term limits, recruitment and position rotation have been contention points. Moving forward, it will be imperative to balance the fresh perspective of new directors with veteran leadership to find common ground on vision and initiatives.

### **Make it Happen**

Whether you face a merger, an emergency succession, or you just want to groom the bench, you can ensure a smooth and deliberate leadership transition and prevent potential pitfalls by following these tips:

1. Gain the commitment of your board and staff to manage transition purposefully.
2. Identify current and potential challenges and define the leadership qualities needed to confront them.
3. Form a succession planning team, including members from the board, HR leaders and the CEO.
4. Develop an executive transition timeline for succession.
5. Build a career profile for internal high-performing candidates; identify development opportunities for these high performers to expand their leadership skillsets so you can draw from this pool of leaders when the time comes.
6. Cross-train current staff to minimize the disruption from unanticipated staffing changes.
7. Devise a plan to support repositioned employees, either with leadership development opportunities, coaching, mentoring or goal setting.
8. Develop a comprehensive communication plan covering the before, during and after phases of a leadership transition.
9. Roll out an onboarding program with best practices that underscores your credit union's purpose, priorities and desired outcomes; those that help new board members and CEOs assimilate so they feel confident in their roles.
10. Enlist the help of a succession planning coach who will provide open and honest feedback and align succession development with the mission, vision, culture and direction of the credit union.

**Brandi Stankovic**

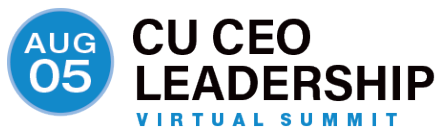
**CU Solutions Group**

brandi.stankovic@cusolutionsgroup.com

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