

In-District Legislative Visits Hit Home

Forge relationships with representatives at your CU and in your community.

When Richard Losea meets with his congressional representatives on behalf of ABNB Federal Credit Union, he reminds them he's not only a board member but also a voter—someone with a vested interest in their district.

"They need to hear from their constituents, and that's part of my role," says Losea, who serves as treasurer of the \$553 million asset credit union in Chesapeake, Va.

Credit unions long have emphasized advocacy as a means of furthering their mission. They inform legislators of the impact credit unions have in their communities, the public benefits created by the credit union tax status, and how overregulation limits credit unions' ability to serve their members—the focal point of CUNA's ongoing Campaign for Common-Sense Regulation.

"Any opportunity to spend time with members of Congress is crucial to our long-term relationship," says Jeremy Empol, lobbyist and vice president of federal government affairs for the California and Nevada Credit Union

Leagues. "Part of our strategy is to play the long game."

Trey Hawkins, CUNA's vice president of political affairs, says CUNA takes a "surround-sound" approach in building relationships with lawmakers.

"What we've tried to do is integrate CUNA's Governmental Affairs Conference (GAC) in late winter or early spring with Hike the Hill programs that run from April to early fall, and in-district meetings during recesses throughout the year," Hawkins says.

"Altogether, credit unions deliver to lawmakers an impression of being ever-present. That's important," he continues. "That conveys a message that as constituents, credit union advocates care

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RICHARD LOSEA

deeply enough about our issues to keep showing up."

Board members are an influential force behind these advocacy efforts. Many directors bring the credit union message to legislators through meetings in Washington, D.C., but in-district visits with those representatives can be even more powerful.

In-district meetings—meetings with members of Congress when they're back home, such as during the August recess—can take several forms. Typically, they include informal breakfasts, meetings at lawmakers' offices, visits at credit union branches, and attendance at fundraisers.

"I've had both staffers and representatives tell me that it's great when we come to the GAC or Hike the Hill, but legislators have so many other things going on when they're in Washington," says Eric Day, senior vice president of board advocacy and strategic initiatives at \$1.2 billion asset Credit Union of Southern California in Anaheim. "There's much more of a connection during in-district meetings. You really miss out if you don't take part in them."

Patty Idol, president/CEO of \$191 million asset Mountain Credit Union in Waynesville, N.C., says a commitment to engaging through advocacy has enabled her to develop positive relationships with virtually the entire North Carolina congressional delegation.

"Most of our lawmakers are genuinely concerned about credit union issues," she says. "That's because we make it a point to invite them to our events whenever we can, and the Carolinas Credit Union League does a great job of keeping them informed about issues that affect us.

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- CUNA legislative and regulatory advocacy: cuna.org/advocacy
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They understand what credit unions do for consumers.”

One obvious advantage for credit unions who go on in-district visits is that they eliminate the need for credit union staff and volunteers to travel far, says Dan Schline, executive vice president/chief operating officer at the Carolinas Credit Union League.

Directors are positioned to develop these relationships early in politicians’ careers, as many legislators begin their careers as city council members or state representatives before progressing to the national stage.

Make the ‘ask’

Achieving success from visits with legislators depends heavily on preparation, Empol says. “Coordinate with the league and establish talking points” to make sure lawmakers and district staff understand credit union issues.

Also, go into every meeting with an “ask,” a request for the lawmaker to consider a particular credit union issue. “We’re not going to waste the lawmaker’s time,” Empol says. “Even if it’s as simple as asking them to be on the lookout for a specific bill or to protect the credit union tax status, you always need to have an ‘ask.’”

Day says one of the best ways to connect with lawmakers is through stories about how the credit union has

helped its members.

“We do a lot of financial education, so we talk about the classrooms we’ve gone into or perhaps how we’ve provided a member with a car loan that helped them improve their lifestyle,” he says. “Our volunteers might talk about why they’re serving. Volunteers are dedicated to the concept of people helping people, and that should be part of every one of these meetings.”

Pat Tollefson, board chairman at \$129 million asset Aberdeen (S.D.) Federal Credit Union, says legislators welcome stories about the impact of regulation. “How is it going to affect the member that needs a used car loan, or a small business that is trying to get off the ground?” she says. “I always say, tug at the heartstrings.”

Empol advises credit union representatives to bring one “leave behind” to every meeting with lawmakers: a one-page document that summarizes what the credit union is and what it does.

This document should include basic credit union information such as asset and membership size, loan and deposit data, and any financial literacy programs or community involvement efforts. It also could include the number of voters the credit union serves and the total number of members who are voters in the district.



CUNA Governance, Risk Management & Compliance Leadership Institute, Oct. 2-4, Denver: training.cuna.org/grc

14 Considerations for Crisis Management

Take this crash course on building and protecting your reputation.

Your credit union works tirelessly to build and protect its reputation. But a single incident can put your good name at risk.

It’s the board’s responsibility to craft a crisis management plan that empowers credit union staff to act quickly and decisively, with clear guidance on how to proceed.

Crisis management expert

Dallas Lawrence, chief communications officer for Rubicon Project, shares best practices to incorporate into your crisis management plan:

- 1 **Know** and engage key influencers early and often.
- 2 **Avoid** an information vacuum.
- 3 **Be** where the crisis is. For example, if the crisis happens via a YouTube video, don’t respond with a press release.
- 4 **Own** your brand in social media before someone else does. Make sure you have the rights to digital accounts to avoid parody attacks.
- 5 **Reach** journalists on social media. Journalists are social and face a time crunch. Make their lives easier.

HUMANIZE THE BRAND IN A CRISIS. PEOPLE WANT TO KNOW YOU CARE.

6 **Respond** with people, not logos. People don’t want to talk to a logo in a crisis. They want a person. Humanize the brand in a crisis. People want to know you care.

7 **Know** what you’re talking about. There’s urgency to respond, but don’t rush. Once you ruin your credibility, it’s hard to get back. And you need it in a crisis.

8 **When** you blow it, own up to it quickly.

9 **Don’t** forget humor as a defense, as long as the gravity of the situation isn’t too intense. Everyone gets a second chance. People are willing to forgive.

10 **Integrate** paid and earned media. Do everything you can to deliver the message.

11 **Make** lemonade. Use negative comments to improve your credit union. Don’t just ignore the input.

12 **Don’t** become a villain in the event of a data breach. Be the good guys, and work with law enforcement and consumers. Don’t try to cover up a breach in a misguided attempt to protect the organization.

13 **Don’t** forget your secret weapon: employees. They can be your best advocates online if you engage and arm them in time.

14 **When** all else fails, use brutal honesty. Rip off the Band-Aid.

Review Your Disaster Recovery Plan

NCUA charges boards with crafting a response framework.

Federally insured credit unions must have disaster recovery and business resumption contingency plans in place to address all types of operational disruptions, from an hour-long power outage to a fire, flood, or tornado that destroys an office building and its contents.

According to NCUA, these plans should be commensurate with a credit union's complexity of operations, and focus on minimizing interruptions of service to members and maintaining member confidence in times of emergency. You should review these plans at least annually and as credit union operations change.

The credit union's board of directors and senior management are responsible for developing and maintaining a disaster recovery plan.

Many institutions designate this task to a work group of individuals representing various areas of the credit union. But the board must approve the plan and the necessary resources to ensure its implementation.

September is National Preparedness Month—an ideal time to evaluate your credit union's current plan, review your plan testing protocol, and address deficiencies throughout your program.

NCUA recommendations

NCUA's Catastrophic Act Preparedness Guidelines (Part 749, Appendix B) provide recommendations for developing a disaster recovery program, with the oversight and approval of the credit union's board of directors.

The program should address these elements:

■ **A business impact analysis** to evaluate potential threats. After evaluating the credit union's exposure to a full range of possible disasters, management or the disaster recovery team should consider the cost, duration, and impact of critical service/system disruptions on the credit union's operations or financial condition.

How, for example, will the credit union handle a power outage that disrupts electronic payments for several days? What would the credit union do if its main office or branches aren't available for an extended period of time?

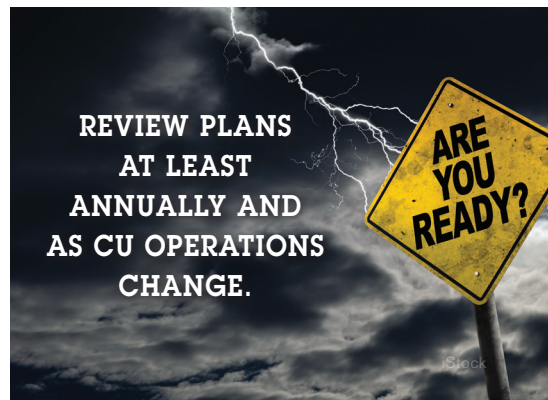
■ **A risk assessment** to determine critical systems (buildings, hardware, software, power sources, telecommunications, etc.) and necessary resources (financial, personnel, etc.).

Prioritize the risks to critical systems/services and develop contingency plans accordingly.

■ **Internal controls** for reviewing the plan at least annually and for revising the plan as circumstances warrant—for example, to address changes in operations.

■ **Annual testing.** To ensure the contingency plans actually work, test and validate the plan at least annually or when a significant operational adjustment takes place.

The test should determine if the credit union could recover to an acceptable level of business within the timeframe stated in the disaster recovery plan.



Examples of testing methods include simulations, role-play, walk-throughs, and alternate site reviews. Disaster drills should include all critical functions and areas of the credit union.

The credit union should document the test to demonstrate that responsible staff tested all critical functions and areas of the institution.

Under the guidelines, credit unions also should have a written plan addressing:

■ **Individuals** with the authority to enact the plan (e.g., senior management and disaster recovery team members).

■ **Preservation** and ability to restore vital records (per NCUA's Part 749).

■ **A method** for restoring vital member services through the identification of alternate operating locations or mediums to provide services such as telephone centers, shared service centers, agreements with other credit unions, or other appropriate methods.

■ **Communication methods** for employees, members, vendors, and business partners.

■ **Notification of regulators** (i.e., catastrophic act report that NCUA's Part 748 requires).

■ **Training** and documentation of training to ensure all employees and volunteers know procedures to follow in the event of the loss of vital records or member services.

■ **Testing** procedures, including a means for documenting the testing results.

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CUNA Disaster
Recovery Workshop,
Dec. 5-6, Las Vegas:
cuna.org/drw



CUNA board and
volunteer training:
cuna.org/volunteer

You Have the Right to Fight

Healthy dissent in the boardroom leads to better outcomes for your CU.

I'm here to start an argument. There. I said it. And I mean it.

I'd like to see more arguing among credit union board members. I'm seeing a bit too much harmony for my taste. And no, this isn't about schadenfreude—taking pleasure at someone else's misfortune—no matter how much I like to say that word.

This is about board engagement and avoiding complacency. In general, I'm seeing and hearing about too much complacency.

Don't get me wrong. Harmony on a board of directors is a good thing, and should be fostered and cultivated.

But if there are only unanimous votes, too much harmony, too much Kumbaya... that's a red flag for me. It usually means there isn't enough thought going into the discussions and material at hand.

It is easy to slide into a groove in the boardroom, to vote "aye" along with everyone else when a meeting is running long.

But the board's job is to represent the membership, which requires constant vigilance and constant questioning.

You must constantly consider, "What does this do for the members? How does this affect the credit union's safety and soundness?"

A good, civil, thoughtful argument will shake awake the brain and sharpen your senses. It will spark engagement.

Some boards have a natural devil's advocate. Others look to assign that task on a rotating basis just to keep everyone on their toes.

Depending on your culture, this approach can work. It can also come across as stilted and artificial—not genuine.

Boards function most effectively when directors have done their homework and have thought carefully about strategic items on the agenda. This leads to appropriate questions that ignite healthy debate.

You can't just show up all of a sudden, after

months of harmony, with your bad, new arguing self at the next meeting and start ranting like a lunatic without causing some concern.

And upsetting the apple cart just for the sake of disruption isn't effective, either.

THE BOARD'S JOB REQUIRES CONSTANT VIGILANCE AND CONSTANT QUESTIONING.



So, how do you start to change your culture in a productive way if there is not enough "arguing" and too much harmony?

Try these incremental approaches:

- **Be a good example for the boardroom.** Be thoroughly engaged and prepared for each meeting. Introduce some slightly probing questions and remind everyone, "I'm just trying to make sure this is the best thing for our members."

- **Talk about it.** Raise the issue for discussion if you think healthy dialogue is absent.

- **Be patient yet persistent.** An entrenched culture will take a while to change.

You can change the tone at the top without being confrontational if you go about it thoughtfully. Before you know it, you will be arguing with the best of them—all with the best interests of members at heart.

KEVIN SMITH is a publisher/consultant for *TEAM Resources* (forteamresources.com). Smith will speak at CUNA's Volunteer Conference, Jan. 28-31 in Punta Cana, Dominican Republic. Contact him at ksmith@forteamresources.com.

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