STRATEGIC INSIGHTS FOR POLICY MAKERS

CREDIT UNION
Directors
NEWSLETTER

MARCH 2020
VOLUME 46
ISSUE 3

Credit Union National Association
CUNA

Lay the Groundwork for Planning

5 steps to prepare for strategy sessions.

Just like every credit union is unique, every strategic planning session must be tailored to meet your credit union's needs.

Planning must take into account not only the credit union's characteristics—asset size, marketplace, business model, field of membership, and degree of financial capacity—but also characteristics of the planning session itself—how often it's held, whether it's held on- or off-site, who is invited, and whether it's facilitated or self-led.

While approaches differ, the intent of a strategic planning session remains the same: to build financial, member, and experiential value.

Here are five ways to ensure a successful planning session and process:

'THERE ARE NO SHORTCUTS TO STRATEGY OR PRODUCTIVE PLANNING.'
JEFF RENDEL

1. Read up. Be a student of the industry. Subscribe to email news feeds and review state and national trade association websites. Build board-directed education sessions into board meetings. Join webinars, attend conferences, and earn certifications when resources allow. You serve your board well by expanding your understanding and involvement. And you serve the CEO competently by being better prepared to participate in and support the strategic planning process.

2. Shape the agenda. Before the meeting, survey board members to determine what topics, trends, and opportunities they would like to discuss. Look for common themes in the responses and incorporate three or four issues into the agenda. While educational in purpose, you may also discover the board's areas of interest coincide with or further develop strategic initiatives.

3. Think forward. Last year's results are in the books. Next year's outcomes should be in the works. Instead of focusing on how your credit union serves its current 25,000 members, focus on how it should serve the next 25,000 members. What investments, infrastructure, and intelligence will be necessary to move forward? Ask your CEO for information and scenarios that reveal the road ahead.

4. Expect a few strategic priorities. Your CEO likely has a handful of strategic priorities to address with the board for alignment, refinement, and approval. Your responsibility is to ensure these priorities are safe, sound, reasonable, and relevant for members. Focusing on three or four priorities provides enough room for success but allows your CEO to maintain focus and deliver material results.

5. Expect evolutionary change. Business models rarely switch overnight, but continuous improvement in access, delivery, engagement, and marketing remains constant. As a board, ask your CEO what changes the credit union needs for continued success and to serve members' best interests. A consistent approach to renewal and reinvestment keeps your credit union top of mind—and wallet.

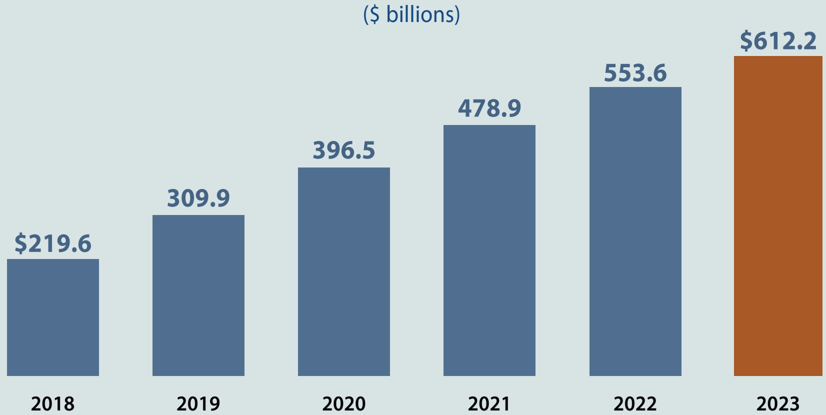
Hard work is a requirement for board service.

QUICK TAKE FOR YOUR NEXT BOARD MEETING

P2P Transaction Volumes Growing

Peer-to-peer (P2P) payments will hit nearly $400 billion in 2020, up from roughly $310 billion in 2019 due to an increase in users, according to eMarketer. The number of P2P users is expected to grow from 69.2 million in 2019 to 73.8 million this year.

Forecasted P2P mobile payment transaction volume
($ billions)



Source: eMarketer

Members expect you to be their voice, and they deserve that for choosing your credit union over other providers.

There are no shortcuts to strategy or productive planning. Ask your CEO to focus on areas that provide the greatest return to members.

As a board, focus on activities and actions that provide the greatest return on its investment in strategic planning. Your members benefit from having a relevant credit union. Your CEO benefits from a well-informed and engaged board.

And your board benefits from focusing on member service and success.

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CUNA Volunteer Achievement Program: *cuna.org/vap*

Set a Board Succession Strategy

Associate director programs, supervisory committee serve as tools.

CUNA board and committee resources: *cuna.org/board*

Does your board have a plan in place to fill board vacancies when members can no longer serve due to death, serious injury, resignation, attrition, or other factors?

Establishing a succession plan will allow the board to operate at full capacity and ensure the credit union operates in members' best interests.

Board turnover is "always in the back of your mind," says Judy Richey, vice chair of the board at $613 million asset True Sky Credit Union in Oklahoma City. "But time can be a barrier with all the other things on your plate."

A white paper from the CUNA Volunteer Leadership Committee—"Board Succession Planning: Key to Strong Leadership and Successful Credit Unions"—offers ideas to address this issue.

One option is to create a program for associate board members. These individuals are often appointed for short terms, typically one year. They attend meetings, but have no voting rights. They are also expected to attend educational sessions each year.

It's an opportunity for people to learn what board service requires, including the subject matter, time requirement, and how to become a full board member.

True Sky's associate director program has evolved to meet the credit union's needs. Four of its seven current board members have come through the associate board member ranks, Richey says. Associates are appointed to one-year terms, and can be reappointed.

"When we started, it was like having a first child—we didn't let them do anything," Richey says.

But that has changed, she says. "We had a board member who passed away, and the associate director appointed to fill the vacancy hit the ground running."

Associate board members need to sign the same confidentiality, conflict of interest, code of ethics, and code of conduct documents that all other board members sign.

Also, make sure governance policies clearly state expectations, such as requirements for attendance, meeting and conference participation, and board education, says Charles Dallas, president and owner of iConsult.

Other boards turn to the credit union's supervisory or audit committee to fill vacancies. These individuals are familiar with the credit union's finances and often are ready to adopt the strategic mindset board members need.

"Be ready for inevitable turnover and know what skills to look for in future directors," says Yvonne Evers, CEO of SUCCESSIONapp LLC.

'BE READY FOR INEVITABLE TURNOVER AND KNOW WHAT SKILLS TO LOOK FOR IN FUTURE DIRECTORS.'

YVONNE EVERS

Data Transforms Outbound Channels

Use data to add value and have more meaningful conversations with members.

The further we travel into the digital era, the better we understand the expectations of modern members. Whereas early digital transformation strategy revolved almost exclusively around the injection of new technology, today's strategy focuses on using existing technology to add new value and deepen member relationships.

The evolution of the outbound sales strategy is a prime example.

Credit unions that have invested in the integration of digital channels such as text and chat now want to use those channels to engage members in more meaningful dialogue. They understand that today's conversion rates depend on the credit union's ability to make hyperpersonalized, highly predictive recommendations to members through their preferred channels.

That requires data.

Distinctive digital experiences

At a minimum, a digital experience reduces the amount of friction a member encounters during the day-to-day movement and management of money. A truly digital experience demonstrates to members that their credit union is respectfully and securely using every byte of data they share to help them achieve their financial goals.

Digital experience delivery through outbound channels, therefore, requires credit unions to put actionable intelligence in the hands of their sales team. With a clearer window into members' aspirations, outbound channel staff make stronger connections between what members need and how the credit union can help.

Richer, more meaningful dialogue

Insights from clean, accurate, and accessible data can create unique outcomes. One of our credit union partners used predictive analytical modeling and data-centric training. As a result, the $3 billion asset credit union experienced a series of positive changes, not only for members but its balance sheet.

By accurately predicting which of the credit union's indirect members are most likely to engage at a deeper level, predictive modeling allows outbound staff to achieve much higher indirect conversion rates with these members.

The model also pinpoints a member's life stage, next-best-product offering, and channel preferences. This enables staff to have outreach that is more relevant to the member's actual aspirations.

'DATA STRATEGY IS ABOUT USING DATA TO ENRICH MEMBERS' LIVES.'
EMILY ENGSTROM

Armed with such member-level intelligence, the credit union's outbound team engages members with much more personalized recommendations and financial guidance targeted directly to the person on the other end of the channel.

"I feel like I know the member now," says a credit union relationship manager. "The data takes the conversation from what I want to talk to the member about and turns it into how I can help members and what their true needs are."

The new data-driven strategy resulted in a sales lift of up to 10%. For one 16-week period, conversions by the call center team resulted in $106,000 in new deposits and $500,000 in new loans.

See the possibilities

While a significant increase in indirect conversion is certainly a worthwhile return on digital and data investments, credit union leaders celebrate the positive member experience more often.

For credit unions, data strategy is about using data to enrich members' lives. That is why every credit union should push forward aggressively on its data strategy—to continue moving the needle on the nation's financial health one member at a time.

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Think About the Future Now

'We're trying to come up with plausible futures.'

The next time your board gathers and begins talking about the credit union's strategic plan, set aside time to examine what the future will look like and how the credit union will adapt.

"The future doesn't scream at you on a daily basis, so you don't think about it," says Jeff Kline, CEO of MEMBERS Development Company. "But it's important to carve out time to focus on the future."

While long-range planning may seem daunting, especially given current volatility and the vast number of unknowns, Kline says credit unions can form a plan for future operations.

"We're not trying to predict the future; we're trying to come up with plausible futures," he says.

Determine potential futures by using a foresight-insight-action process to look at trends and asking strategic questions about their impact, says Jake Dunagan, director of the Governance Futures Lab at the Institute for the Future.

He offers two scenarios as to what credit unions could look like in 2030:

1. "Potent potable." Peer-to-peer lending programs open a flood of new value for previously underserved consumers. These include creative loan programs, pay-as-you-go insurance, and reduced personal risk and stress. The new loan options are life-changing for people who previously couldn't afford to buy homes.

2. "Unions of credit." While the economy is strong, prosperity has not been spread equally and the "super rich" control the vast majority of wealth. Asset ownership lies in the hands of the few who allocate access through modular rental models, subscriptions services, and "freemium" platforms.

"The point is, here are certain trajectories of change," Dunagan says. "How do you deal with them? How will you serve people in a way that matches your mission? These are seeds of ideas to think through."

Credit unions have established vision and mission statements, and core values, and Kline says those are critical in making day-to-day decisions or when chasing "big, hairy, audacious goals."

Long-term planning requires credit unions to make someone responsible for setting aside time to look at the future and guide the process, Kline says.

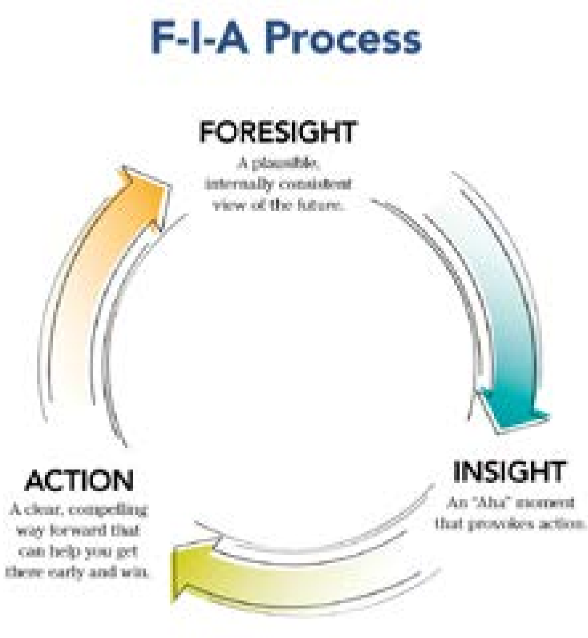
He also notes credit unions must honestly assess their current state before developing plans outlining how they'll reach their long-term goals.

"Part of the planning is creating the road map to get from where I am now to that future state," he says. "Do an honest assessment of where you are today to get that road map."

Kline suggests paying attention not only to what's happening within the credit union industry, but also what's taking place in other industries.

Information gleaned from other industries might not relate directly to credit unions, but Kline says it's an opportunity to train your mind to think differently. "Broaden your mind to start thinking about the bigger picture."

MEMBERS Development Company linked with the Governance Futures Lab to determine what the credit union business environment will look like in 2030.



Source: Goverance Futures Lab

Send us your comments: *directors@cuna.coop*

CREDIT UNION Directors NEWSLETTER

CREDIT UNION DIRECTORS NEWSLETTER (ISSN 1058-1561) is published monthly for $146 per year by the Credit Union National Association, 5710 Mineral Point Road, Madison, WI 53705-4454. (Multiple-copy discounts available.) Also available as a downloadable PDF for an annual subscription rate of $716. Periodical postage paid at Madison, Wis.

POSTMASTER: Send address changes to CREDIT UNION DIRECTORS NEWSLETTER, P.O. Box 461, Annapolis Junction, MD 20701-0461.
Advertising is accepted only from reputable firms, but inclusion of advertising does not imply endorsement by the newsletter or CUNA Inc.

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