

## Build a future-focused board

### Your role is to deliver value to new members and markets.

Credit union boards have a lot on their plates: safety and soundness, fiduciary responsibilities, and oversight of their organizations' compliance with laws and regulations.

At times, it feels like the board's job is more about reviewing the past than speculating on the future.

Based on conversations and consultations with dozens of credit union board members, high-performing boards prioritize governance activities and focus on the future.

The board chair at one Midwest credit union tells me his credit union doubled its assets and profitability over the past 10 years. But that doesn't imply that the board has to work twice as hard, he says.

The board invested the same amount of time on governance as it did in the past, but it focused more on scanning the future and creating strategic value for the CEO and members.

This attitude is the same in other high-performing boards: all understand and act upon the perception that their highest and best use is shaping their agenda and conversations, primarily toward the future.

Even more interesting is how these boards arrange their schedules and actions. Leading areas of focus are strategic planning, major capital investments, CEO retention, and succession planning.

"We don't overlook our duty of care with respect to compliance and financial matters. Rather, we engage

outside professionals to assist us in understanding results, risks, and exceptions that require board action," says the board chair at a Florida credit union. "This practice allows our board to become more strategic in focus as we grow in size, complexity, and awareness."

The CEOs of these credit unions welcome their boards' dedication to strategy, potential business models, and enterprise risk management.

In shifting focus away from the weeds of operations, boards build even stronger relationships with their CEOs.

**"REGARDLESS OF SIZE OR MARKET, boards need to spend the bulk of their time looking forward rather than REVIEWING PAST EVENTS AND RESULTS."**

Jeff RENDEL

One credit union CEO told me she looks to directors as a sounding board for new ideas or clarity about decisions. She says the board brings different perspectives, inquires about risk mitigation, and asks where the credit union should take additional risk. The CEO makes the decisions, but the board is a valuable partner in the process.

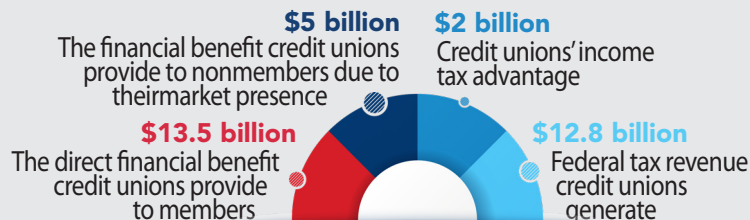
As these boards set new standards and expectations for their own operations, accountability and evaluation are key. At the fundamental level, board members are expected to contribute to discussions,

## QUICK TAKE for your next board meeting

### The financial benefit of membership

Credit unions provide a \$13.5 billion direct benefit to their members each year through lower interest rates and higher dividends, according to a 2022 survey from CUNA and Centiment. Nonmembers receive a \$5 billion annual benefit from credit unions' market presence.

### Credit unions' financial impact



Source: Credit Union National Association, 2022

engage in activities, and refresh their professional capacities.

“We invest in each director and expect directors to grow with the credit union,” one board chair says, adding the credit union considers this growth during the renominating process. “Our members deserve the highest quality of voice in governance.”

Self-evaluation systems are critical. Some boards use tools designed internally or from industry resources. Others employ outside support for comprehensive evaluations, quantitative surveys, and qualitative feedback from each director.

A vice chair from an Ohio credit union told me that an external self-assessment was the biggest stretch his board ever set for itself. Initially, some directors feared what they might hear about their performance. Instead, the board members learned about the love and dedication the other directors have for the credit union, and came away with a sense of how they could

grow individually and collectively.

As your board considers how to boost service to members and shift its attention to the future, think about this observation from the chair of a West Coast credit union: “We focus on what our credit union must do to serve the next 100,000 members rather than only what we did to serve our existing 100,000 members.”

Her message is simple: Regardless of the credit union’s size or market, boards need to spend the bulk of their time looking forward rather than reviewing past events and results.

While you want to learn from today’s success, the board’s larger role is to work with the CEO to take the credit union to new members and new markets, advancing your mission and vision.

**JEFF RENDEL** is president at *Rising Above Enterprises*. Contact him at [jeff@jeffrendel.com](mailto:jeff@jeffrendel.com).

## Cheerleader to chair

### Guadalupe Lara understands the credit union difference from personal experience.

Guadalupe Lara’s introduction to the credit union movement was quintessential: Denied a vehicle loan by local banks, she turned to a credit union.

The resulting positive experience turned her into a self-described “cheerleader” for the credit union movement. Lara, corporate director of social work for eight hospitals, has since transformed that passion into becoming board chair at \$1.9 billion asset Credit Union One in Ferndale, Mich.

**Credit Union Directors Newsletter:** What’s most rewarding about your board service?

**Guadalupe Lara:** Everything I do at Credit Union One is rewarding, but I especially enjoy the member services we provide and getting surveys back that show members’ satisfaction. For 2022, our overall satisfaction among members was 96%. It’s very

“

We meet our members’ financial well-being needs through our digital-first service model that provides a remarkable experience consistently across all delivery channels.

”

satisfying working with our excellent leadership team and board members to be at the pulse of our members’ needs. Our cooperative philosophy and strong financial management are the foundation of Credit Union One.

**Q:** What are your credit union’s top strategic imperatives?

**A:** Our “digital-first” and “one experience” initiatives keep us competitive and build member loyalty. We maintain a balance between digital, in-person, and phone service delivery. We’re committed to employee coaching and employee growth to make the member experience seamless throughout Credit Union One.

**Q:** What are Credit Union One’s greatest challenges?

**A:** Managing through a high inflation and a rising interest rate environment. In spite of these challenging times, our team and the board remain committed to meeting our members’ changing needs.

**Q:** How does Credit Union One improve members’ financial well-being?

**A:** We meet our members’ financial well-being needs through our digital first service model that provides a remarkable experience consistently across all delivery channels. It’s deeply rooted in analytics and automation across our entire operation. And it’s an engagement strategy that has created extraordinary experiences based on each member’s life events and seamless service delivery.

Read the full interview at [news.cuna.org/directors](https://news.cuna.org/directors).

“You will see and hear excellent presentations and also participate in thoughtful and helpful discussions.”

**Thomas Lash**  
Board Chair  
Canvas Credit Union

**SEPT 9-10, 2023**  
**CHICAGO**

*CUNA Members save \$200  
through July 10, 2023*



# Connect with board leaders on today's hottest topics

## CUNA Credit Union Board ROUNDTABLE

Be part of an engaged environment with board peers to connect on today's most pressing challenges and strengthen your action plans for the future operations of your credit union.

The roundtable setting of this event provides for direct, peer-to-peer interaction. This discussion-based format is designed to exchange information on challenges and opportunities for growth with others.





**Over 7,500** credit union staff are currently supporting the financial well-being of their members as Certified Credit Union Financial Counselors.



## Become the expert members turn to for financial guidance

CUNA

### Financial Counseling Certification

PROGRAM

Help members get the answers to their financial questions, navigate debt and plan for more promising financial futures. Grow your team and your credit union with the knowledge and skills obtained through CUNA Financial Counseling Certification Program.

- Support members as they manage their finances
- Build deeper relationships with members
- Increase product and service revenue
- Attract new members
- Reduce bad debt

## 5 ways to thrive in a climate of uncertainty

### Move with speed and embrace chaos to keep pace with 'Generation Flux.'

Disruption and uncertainty have become the norm in today's business environment. During a CUNA Mutual Group webinar, former Fast Company Editor Robert Safian offered five lessons from "Generation Flux" to survive in this chaotic environment.

"Generation Flux" incorporates both the current era of high-velocity change and the people who are positioned to thrive in this environment.

Safian's five lessons:

**1. Embrace chaos.** Safian uses the analogy of weather forecasting to illustrate the chaos that defines today's business environment. "Sometimes it's easy to accurately predict a 15-day forecast because there are so few factors to consider," he says. "At other times you can't predict what will happen in the next two hours. The key to understanding chaos theory is recognizing when things are chaotic and acting accordingly."

Within today's chaotic operating environment are bubbles of opportunity, according to Safian. "Jeff Bezos uses a phrase at Amazon: Today is day one—the beginning. Don't anchor on the past; focus on how we can make the future better."

Successful companies are comfortable with being uncomfortable.

“

In an age of chaos, mission and purpose provide a roadmap and clarity of direction.

Robert Safian

”

**2. Move with speed.** This requires companies to empower employees to be decision makers, Safian says. "We can move faster than we think we can if we make speed a priority and if we don't get caught up in excuses, politics,

and posturing. That falls on top of leadership: Are we open and eager to embrace what's new?"

### 3. Create your own trajectory.

Don't play the hand you've been dealt, play the hand you want. "We all face obstacles and our resources often don't match our aspirations, but that doesn't mean we can't accomplish extraordinary things," he says.

Focus on what you can control and find the opportunities that are out there, Safian says.

As an example, Safian cites Chobani founder Hamdi Ulukaya, who opened a second yogurt facility in Idaho when it was time to expand his company because costs were lower and competition for labor was less stringent. "Nobody else was going to Idaho," Safian says. "He created his own opportunity."

**4. Listen and learn.** Safian describes how pet supply company Chewy listened to its customers during the pandemic to learn that pet owners struggled to make in-person veterinarian visits. The company responded by starting Chewy Health, a virtual health care company for pets.

"The lesson around listening and learning is about helping each other, leaning on each other, and learning from each other about the new places where you can go, and where you can go faster," Safian says.

### 5. Have a mission and purpose.

These are the ultimate competitive advantages in the age of flux. Studies show workers are less engaged now than in the past. Having a mission and purpose that align with those of potential employees can create a more engaged workforce. This gives an organization an edge in the marketplace, he says.

"In an age of chaos, mission and purpose provide a road map and clarity of direction regardless of what else might be happening in our orbit," Safian says. "When you stand for something, the choices are clear even if your environment seems murky."

# Resources



▶ **CUNA small credit union resources:** [cuna.org/smallcu](http://cuna.org/smallcu)



▶ **CUNA Environmental Scan:** [cuna.org/escan](http://cuna.org/escan)



▶ **CUNA board and committee solutions:** [cuna.org/board](http://cuna.org/board)



▶ **CUNA Supervisory Committee & Internal Audit Conference:** [cuna.org/sciac](http://cuna.org/sciac)

# Lessons from successful small credit unions

## New research reveals their vital role in the future of financial services.

In 2022, research from CUNA Mutual Group and the Filene Research Institute examined the strengths, challenges, and opportunities facing small credit unions.

The results of this research make a powerful case that small credit unions represent a vital—if not leading—part of the future of financial services.

Most credit unions are small compared to other financial institutions. At the end of 2021, nearly 4,000 credit unions had less than \$250 million in assets—more than three-quarters of all credit unions, according to Filene.

But the number of small credit unions is also decreasing. The total number of credit unions with less than \$100 million in assets has dropped from more than 17,000 in 1979 to just over 3,000 in 2021.

No two thriving small credit unions look the same, but they all share some common characteristics.

According to the report, “The Puzzle-Solving Approach that Allows Small Credit Unions to Thrive,” successful small credit unions:

»**Serve** focused markets with strong and distinct value propositions.

»**Build** compelling organizational identities linked to what their members need and want.

»**Evaluate** their success not just on asset growth but in terms of how well they serve members or fulfill their mission.

»**Lend** deeply into their memberships and cultivate meaningful member relationships.

»**Embrace** trade-offs to prioritize high-payoff products and strong service.

»**Select** success metrics to reinforce their strategies, including emphasizing member engagement and lending success.

»**Make** quick decisions, collaborate actively and creatively, and innovate with a do-it-yourself approach.

»**Make** internal and external stakeholders their partners in supporting strategy and communicate proactively the “why” behind their decision-making.

»**Collaborate** by sharing knowledge, services, and people. This allows small credit unions to gain efficiencies, manage costs, and gain access to new innovations and technologies.

The lessons for all credit unions: engage your members, maintain your market relevance, lend deeply and effectively, work collaboratively with your peers and partners, and make careful trade-offs to activate your strengths and tell your story.



Scan the QR code to learn more.

“Small credit unions represent a vital—if not leading—part of the future of financial services.”

### CREDIT UNION DIRECTORS NEWSLETTER

(ISSN 1058-1561) is published monthly for \$100 per year by the Credit Union National Association, 4703 Madison Yards Way, Suite 300, Madison, WI 53705-2930. (Multiple-copy discounts available.) Also available as a downloadable PDF for an annual subscription rate of \$773. Periodical postage paid at Madison, Wis.

### POSTMASTER

Send address changes to CREDIT UNION DIRECTORS NEWSLETTER, P.O. Box 431, Madison, WI 53701-0431. Advertising is accepted only from reputable firms, but inclusion of advertising does not imply endorsement by the newsletter or CUNA Inc.

© 2023 Credit Union National Association Inc. All rights reserved.

### EDITORIAL STAFF

**MICHELLE WILLITS** // publisher, mwillits@cuna.coop  
**BILL MERRICK** // deputy editor, bmerrick@cuna.coop  
**RON JOOSS** // senior editor, rjooss@cuna.coop

### DESIGN AND PRODUCTION STAFF

**CARRIE DOYLE** // senior publications & digital design specialist, cdoyle@cuna.coop

### CONTACT INFORMATION

**EDITORIAL** // 608-231-4290  
**SUBSCRIPTIONS** // 800-356-9655, or [cuna.org/directors](http://cuna.org/directors)