

Tales from the Trail

This year's strategic planning season has come to an end. I'm constantly reminded of the hard work and dedication of credit unions throughout the land. Without exception, they're all devoted to helping their members gain control of their finances.

I want to share a few of this year's takeaways:

Credit union boards seem more engaged than in years past. They are knowledgeable and bursting with good ideas. Unfortunately, they seem to think all their ideas are comparable in value and can all be accomplished without regard to time or money. What seems relatively easy for a big bank can prove quite difficult for smaller-scale credit unions. Sorting these ideas into two groups – projects that make sense now and those “maybe” projects of the future – is a big part of the planning process. Maybe credit unions that don't exist any longer were where I found those disinterested boards in the past?

Very few credit unions know why they exist. I frequently show the Simon Sinek video, “How Great Leaders Inspire Action” which touches on knowing your “why.” Particularly in small credit unions, identifying what would be missing in the marketplace without their presence is crucial. If everything you do can be done by a big bank or another credit union, then you're kidding yourself if you think you can do it better or cheaper. If, on the other hand, you have a location advantage, a distinct product, or amazing service, you need to leverage that advantage.

The cost of doing business is getting higher and higher. With a tight labor market, it's becoming more difficult to find and hire quality employees. For the most part, credit unions are finding that “no experience” is the common trait of new employees. And there are limited resources for training. In a large credit union with a dedicated training staff, this is less of a problem, but for the smaller shop, training is often a “work in progress.” It's an unfortunate reality that must be overcome.

A dedicated Human Resource professional is missing from the management team. If we think our employees are our greatest asset, why do we skimp when it comes to hiring professional HR managers? The workplace is getting more regulated and diverse. Experience in handling difficult employee situations can pay big dividends if the pitfalls can be avoided. Even if it's only on a consulting basis, retain this ability; you won't regret it.

Core system conversion seems to be on everyone's list. While many systems exist in the marketplace that will do the job, their ability to connect to modern systems varies among vendors. Unfortunately, our members don't care what core system a credit union uses. They want 24-hour connectivity and a modern app-based interface. The credit union's members never sleep, so the credit union's services should stay awake to help. The sad reality of core contracts is that they are very hard to break, and the providers don't seem motivated to meet the needs of the credit union. We sit and watch as fintech providers dance past us.

Management is getting older! Finding the next generation of credit union leaders will be challenging. Remember that most new employees are the “no experience necessary” folks. Credit unions need to identify this glaring reality and start hiring experience and talent. Then they need

to invest in ongoing training. Don't get me wrong, there are some great people waiting in the wings, but I fear they don't have the capacity to lead a complicated organization. Still, there's hope, but it means investing now to develop the talent, or plan for a merger.

Advice is becoming a competitive advantage. Most organizations can put together a suite of products that members will use, but the millennial generation needs advice. I don't know how many times I heard that the members need financial literacy training. Who's in a better position to provide it than the credit union? But I don't think the traditional way of providing information is working. I've not seen a system that provides a true plan for building wealth offered through a credit union. Why not have a conversation with each member on a regular basis about how they are doing financially? I know it's expensive, but what's the cost of credit union members using a trial-and-error method to get ahead? I don't think we can rely on friends and family to provide high-quality information to our members. Today, we have the capability to use webinars, YouTube, artificial intelligence (for advice), but some don't see that advantage at all. Clearly, it would set us apart and would be valuable enough for members to support.

Finally, the old notion that a member can get everything they want in one place seems to be dying, yet credit unions seem reluctant to offer connectivity between financial institutions. A member will continue to do business with their "favorite" CU, but access other options that one credit union might not be able to provide. For example, an online account might offer a higher rate than the credit union can offer. What's the benefit of not connecting the accounts? The result will eventually be a loss of membership.

The same applies to connecting to investment options. The credit union IRA is a safe, secure, dull option. It's a share account with a slightly higher rate. For a young person, it's an unattractive option. Recent offerings by Acorns where one can invest spare change through an app seem much more exciting and affordable. By the way, they charge for the convenience! What's our response?

Walking into a credit union is always an interesting experience. Some are cookie cutter "bank" branches, some are exciting sets designed to tell a story and provoke interest. Be a leader for your members.

Not all is doom and gloom. There's excitement and great potential, but no one is handing it to us. With a dedicated team and careful planning every credit union can change the lives of our members – it's what we do.