

Move beyond surviving to thriving

Combining purpose with a strong digital presence unleashes power to thrive in the future.

Former business executive and author Jack Welch once said, “If the rate of change outside your organization exceeds the rate of change inside your organization, the end is in sight.”

For many credit unions, the rate of change “inside” has been just fast enough to fall behind slowly. But falling behind slowly can catch up to you.

At the end of 2022, leaders at several large credit unions asked me, “Should we look for someone to merge into?” My answer was, and always will be, “if you’re willing to change to meet market demands, you won’t need to look for someone to merge into.”

Performing a multiyear planning process that looks to the future, anticipates consumers’ needs, reviews what the credit union has today, identifies the gaps, and prepares a plan to fill those gaps will help you not just survive but thrive in the future.

Credit unions offer something special that banks and fintechs don’t: They genuinely care. We call that purpose. You can’t underestimate—or overestimate—the value of an inspiring and motivating purpose.

While caring financial service is a value, you must also meet consumer demand for speed and digital convenience. Without those two features, all the caring in the world won’t matter.

Before a member can know you care, they have to experience your service. But you must have the

digital products and delivery systems first. When you combine purpose with a strong digital presence, you build a foundation to thrive in the future.

“Before a member can know you **CARE**, they have to experience your **SERVICE**.”

Many boards push to improve service as part of strategy. But the definition of “service” has changed. Where a baby boomer will often see service as a pleasant teller experience, digital generations see service as an intuitive, seamless experience and someone to chat or text with when something goes wrong. We suggest looking at products and services from the desired end result: what the consumer wants. Then, work backward to offer the product or service that will fulfill that want.

Purpose isn’t just saying “people helping people.” It’s a process of identifying why your community needs you. If you don’t know why your community needs you, the community won’t know either.

When strategy links purpose and a digital-first mindset, you unleash great power to move beyond surviving to thriving into the future.

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QUICK TAKE for your next board meeting

Willingness to pay for one-stop bill payment

Thirty-two percent of consumers are “very or extremely” likely to pay a monthly fee for one-stop bill payment, and 61% indicate some likelihood to do so, according to a survey by PYMNTS and Mastercard. One-fourth would be very or extremely likely to pay a monthly fee of \$2.99, and 18% would be as likely to pay \$9.99 or more.

One-stop bill payment*

	Very or extremely likely	Somewhat likely	Slightly likely	Not likely at all
\$9.99 or more	17.6%	10.4	9.8	62.3%
\$7.49	18.9%	16.1	14.7	50.2%
\$4.99	22.6%	12.8	10.7	54.0%
\$2.99	24.7%	17.4	15.3	42.6%
\$0.99	32.2%	15.0	13.4	39.4%

*Numbers may not total 100% due to rounding

Source: PYMNTS, 2022

Unique experiences benefit the board

Real estate broker brings market knowledge, passion to board role.

DelRae Zimmerman, board chair at \$643 million asset Town & Country Credit Union in Minot, N.D., shares what attracted her to the credit union movement, her credit union's strategic challenges, and advice for new board members.

Credit Union Directors Newsletter: How did you become involved with credit unions?

DelRae Zimmerman: I became involved with the credit union movement when I came to Town & Country Credit Union for my mortgage. I loved that they offered stellar service, competitive rates, and lower fees.

I started referring my friends and family to join as well. As a board member, I've learned more about the credit union movement as a whole and become even more invested in the mission.

Q: What's your full-time job and how does it benefit your credit union role?

A: I'm a licensed real estate agent and co-owner of Brokers 12 Real Estate in Minot. This gives me a unique perspective on the local real estate market and mortgage area of our credit union, which helps drive decisions for the credit union.

I work with so many people from all walks of life across our community. Those glimpses into their lives and what they're looking for in the community give me valuable insights into what our members and potential members are looking for as well, which informs our credit union strategy.

Q: What's most rewarding about being a board member?

A: I love hearing about the positive financial impact we've made on our membership. There's nothing better than hearing from a member who was able to achieve a big goal, like buying their first car, purchasing their first home, or financing a business—and knowing that our credit union team made it happen.

It's also rewarding empowering our employees to give back to our communities through volunteer time

and making monetary contributions to worthy causes as a credit union in the communities we serve.

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

A: Like many credit unions, one of our biggest strengths and challenges is attracting and retaining talent. To do so, we're putting additional focus on succession planning, career mapping, and training. This is not only focused on tactical skills—although those are vital—it's also about building leadership skills, teamwork, and accountability across the organization.

We want our team members to know they can grow their careers with us and that we're invested in giving them those opportunities. While this initiative includes professional development for all employees, we're especially looking to develop our management team and be on the lookout for emerging leaders within Town & Country.

Q: When advocating for your credit union, what do you convey as the greatest benefit of membership?

A: Town & Country Credit Union has such a wide variety of financial products, we truly are your one-stop shop.

Not only do we offer the retail deposit and loan products potential members want, we have a robust mortgage department specializing in first-time home purchases and Veterans Affairs loans, as well as a commercial and agricultural lending arm.

Q: What advice do you have for new board members?

A: Never be afraid to ask questions and speak up. We want to hear your thoughts. We thrive on creative discussions, and we all can learn from each other's unique experiences.

Q: What are your interests outside of the credit union?

A: My husband and I are busy raising two active girls. We can be found running from softball games, basketball practice, choir, and other activities during the school year.

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- Online platform to connect you with your peers nationwide
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- Participate in discussions on topics that matter to you
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Change management and the brain

Acceptance of change often depends on how it's presented.

Change isn't only necessary in the business world, it drives success. But the biggest obstacle to change often is internal: Many internal stakeholders resist change, sometimes for reasons they can't clearly identify.

As a behavioral economist, Melina Palmer aims to improve organizations' understanding of internal resistance to change, as well as other elements of economics and psychology that drive companies' internal dynamics.

Behavioral economics combines the study of economics, psychology, and neuroscience. Bloomberg recently listed "behavioral scientist" as the decade's top job because it's so important to understanding human behavior as it relates to our daily habits, 99% of which are unconscious.

“

Change isn't really about change, but about how it's presented and whether people are going to feel good about it.

Melina Palmer

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Palmer recently released her second book, "What Your Employees Need and Can't Tell You: Adapting to Change with the Science of Behavioral Economics."

In addition to running *The Brainy Business*, where she serves as "chief behavioral officer," Palmer hosts *The Brainy Business Podcast*.

Palmer began her career in credit unions, where she developed an interest in behavioral science and psychology.

"I like to say that if traditional economics and psychology had a baby, we would have behavioral economics," Palmer says. "Traditional economics assumes logical people make rational choices in everything they do. That's not the world that we live in. Those

models were wrong; they didn't accurately predict behavior. They were predicting what we think people should do versus what they actually do. Behavioral economics helps determine how the brain really makes decisions."

Managing change, then, often comes down to managing unconscious tendencies and biases, Palmer says. "When we think about change in an organization, we think about big stuff," she says. "We've got a CEO retiring, a merger, a core conversion—something big that may impact behavior or require a team to step in. But when it comes to the way our brains process change, it really is in those micro moments, thinking about the 35,000 decisions we make every day."

Within those micro moments are hidden biases, which often hinder a stakeholder's ability to manage change. "Change isn't really about change, but about how it's presented and whether people are going to feel good about it," Palmer says. "It's not about getting away from people's natural habits. It's about understanding them so we can know which ones to leverage and work in our favor so people will be more receptive or enthusiastic about change."

Organizations are built on relationships, and relationships are built on memories, she says, citing a quote from *Psychology Today*: "Like a character made of Legos, we're built of blocks of memory that all fit together to form our consciousness."

"If you adjust the way you present information, it can make those relationships more smooth and productive," Palmer says. "It can make everything better with small tweaks that don't have to cost a lot of money or take a lot of time. They end up saving time in the long run because time, pressure, and deadlines impact how we react to change."

Listen to a CUNA News Podcast interview with Palmer



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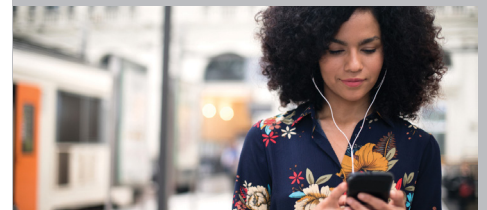
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'Time is not your friend'

Author and board veteran Nick Donofrio shares advice from a career in technology.

Understanding and mastering change is a key skill for all leaders today, says Nick Donofrio, former IBM executive, board veteran, and author.

Donofrio recently released the book, "If Nothing Changes, Nothing Changes," which shares anecdotes and advice from his career at IBM and service on corporate boards of directors.

"We as leaders have to become masters of change," says Donofrio, who recently addressed a webinar hosted by Oboard. "You have to embrace and harness change. In some cases you have to cause change, but in all cases you have to be accountable for it."

A key factor in technology and change management is time.

"Time is not your friend," Donofrio says. "There are always deadlines, but it's more about you as an individual and what you do to make a difference now to harness the time available to you and make the most of each opportunity. I don't ever like to use the words, 'We'll do that later.'"

Mistakes in managing change usually are the result of faulty leadership decisions rather than tactical mistakes, according to Donofrio.

"Good leaders take ownership of change," he says.

Leaders must have the conviction to stand by their decisions, Donofrio says.

"You will be called out every step along the way, and it doesn't matter whether it's a technician or board chair who's asking questions," he says.

"They all equally deserve an intelligent, rational and thoughtful answer. So you have to be able to articulate the need for change and the compelling nature of the problem we're trying to solve."

At the same time, board members must be prepared to ask tough questions of management, he says. "As a board member, you're the last person responsible. Who's going to ask the tough questions if it's not going to be you?"

Once decisions are made, directors must empower management to carry out the plans that follow.

"Don't confuse knowing what's possible with knowing how to do it," Donofrio says. "If you know it's possible, someone's going to do it. That's all you have to know. What you need to say then is, 'What do we need to do it?'"

To that end, Donofrio urges board members to be active in their roles. "Each of you has skills. You need to understand what those skills are and bring the most value to your role as a board member."

Fostering success requires knowing the basics, Donofrio says, including:

» **The ability** to read a balance sheet and accounting profile.

» **The ability** to understand risk.

» **An understanding** of business models and value propositions.

» **An understanding** of the organization's talent needs.

» **An understanding** of technology's impact on the enterprise.

» **A commitment** to lifelong learning.

» **A personal** commitment.

"We as leaders have to become masters of change."

Nick Donofrio

CREDIT UNION DIRECTORS NEWSLETTER

(ISSN 1058-1561) is published monthly for \$100 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 \$773. Periodical postage paid at Madison, Wis.

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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.

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