

CUNA
**VOLUNTEER
LEADERSHIP
AND ENGAGEMENT**

'NEXT' PRACTICES FOR CU BOARDS

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Introduction

This second white paper produced by the CUNA Volunteer Leadership Committee aims “to expand on the first one,” says John Sackett, chair of the committee and a member of the CUNA board, as well as a director at Royal Credit Union, Eau Claire, Wis.

“The first paper offered suggestions on how to become a good board, and explained what good boards do to maintain excellence,” Sackett says. “The idea behind this second paper is to go to the next step. What are boards doing to take their credit unions above and beyond?”

The Volunteer Leadership Committee consists of board members from diverse credit unions across the country. Topics selected for the committee’s second white paper include:

- // **Social impact** and community involvement;
- // **Political involvement** and advocacy; and
- // **Governance** and the board chair’s role.

As this white paper reveals, these three areas aren’t separate and distinct. Each area plays into and builds on the others. For instance, a credit union’s community involvement has an impact on the credibility and power of its political advocacy. And a board’s approach to governance can support, or stifle, a credit union’s social and political impact.

Presented here are some examples of leading credit unions’ achievements in these three areas. “We’re looking at what puts credit unions not just on the cutting edge,” Sackett says, “but ahead of it.”

Social Impact and Community Involvement

As community-based organizations, credit unions are owned and run by people who live in the community. Given those deep roots, community involvement is a natural part of any credit union's activities.

As we'll see in the following examples, many credit unions find ways to take their commitment to community to an even higher level.

Making a 'Love Mark'

Until a few years ago, CAP COM Credit Union was the best-kept secret in town, according to Paula Stopera, CEO of the \$1.2 billion asset credit union in Albany, N.Y. But today, she says, CAP COM is a household name.

"That's because we've engaged an army of people to become involved in our community in the areas we feel are CAP COM's focus: literacy, wellness, and scholarships," Stopera says. "People notice us and want to get to know more about us because they like what we're doing."

That "army" includes board members, who play a key role in community-focused efforts. For instance, individual directors take charge of planning certain fundraising events, such as a charity run and a golf tournament.

As another example, "Our board members are crucial in the holiday season, when we deliver 600 meals to families in need," Stopera says. "Our directors are the ones pulling up their trucks to the back door and helping out."

The credit union's board chair, Edward Gilligan, serves on the board of the CAP COM Foundation, which dates to 2003—when community involvement started to become a "major part of our brand," Stopera says.

That seemed the right time to create a foundation to better organize the credit union's

efforts in the community, according to Stopera. With that structure in place, "we're putting our best foot forward," she explains. "This is the biggest win-win in our credit union's history. We're doing good things and benefiting our credit union."

The foundation's work also adds a sense of purpose for employees. "They'll tell you the foundation is part of our 'love mark,'" Stopera says. "It makes their job about more than just a paycheck."

The foundation has a full-time administrator who meets with community partners and searches for new ways for CAP COM to become engaged in the community.

Hiring a full-time person to oversee the foundation was critical, Stopera says, because "these efforts are just as significant as any business development or marketing effort. This is a different way for people to get to know who we are."

Good Work, Deep Connections

After the World Trade Center's Twin Towers fell on Sept. 11, 2001, Firefighters First Credit Union in Los Angeles saw money pour in from its members, who are professional firefighters, and their families all across California.

"They wanted us to create a fund so they could help their brother and sister firefighters in New York City," says Mike Mastro, president/CEO of the \$1 billion asset credit union.

As a result, millions of dollars went to the New York firefighters. Afterward, the credit union began to consider establishing a foundation, in light of the life-and-death situations its members face every day. A foundation would provide a formal structure through which Firefighters First could provide financial assistance, and members and nonmembers

alike could make tax-deductible donations to help others.

“The mission of the Fire Family Foundation is to help our families in need,” Mastro says. That need could be related to a fire tragedy or another emergency, such as medical bills insurance doesn’t cover. The foundation also helps fire victims who aren’t necessarily Firefighters First members, and fire-related charitable organizations, such as the Burn Foundation.

Mastro chairs the foundation’s board, while a full-time executive director handles the day-to-day administrative duties. Funds come from donations, as well as fundraising events, such as the Fire Family Foundation’s Poker Tournament and the Wheels on Fire Motor Classic. The foundation sets up special funds to collect donations designated for individuals, such as the Damien Pereira Recovery Fund for a 25-year-old firefighter—a husband and father of a two-year-old son—who was critically injured in a wildfire.

The foundation helps fire families across California who have faced a crisis, and shows members and the wider community Firefighters First is more than a financial institution.

“They don’t just see us as a source for products and services,” Mastro says. “They see a heart and soul here, too. Through the foundation, we’re not only doing good work, we’re also driving deeper emotional connections to our membership.”

Helping in Hard Times

Dupaco Community Credit Union has long been a strong community supporter. It provides scholarships, collects coats for the Coats for Kids program, supports hospice care, sponsors an international film festival, holds a community-wide garage sale to promote thrift—and much more.

“But we were trying to figure out how to take our efforts to the next level,” says

Randy Skemp, a board member at the \$1.3 billion asset credit union in Dubuque, Iowa.

A few years ago, at a CUNA volunteer training event, Skemp heard a group talk about the foundation their credit union had established to enhance and organize its community involvement. The idea struck a chord with Skemp and the rest of the board.

In 2011, Dupaco Community created the Dupaco R.W. Hoefer Foundation, named to honor Bob Hoefer, a 47-year employee and long-time president/CEO, upon his retirement from the credit union. Hoefer had been a strong advocate for giving back to the community.

The foundation strives to help members—as well as nonmembers—who face hard times, for whatever reason. “When we see a need, we want to do more than just provide people with good loans,” says Skemp, who chairs the foundation board.

To fund the foundation initially, the credit union contributed money, as did Hoefer and many board members. Employees can choose to contribute monthly through payroll deduction, and additional funds flow in from vendors and other people in the community who make tax-deductible contributions.

In its first three years of existence, the foundation distributed nearly \$175,000, and has amassed \$2.1 million in assets, with annual contributions of \$438,000.

Living for a Broader Purpose

When Michael Castellana bought a lottery ticket some years ago, someone asked him what he’d do with the money if he won. He replied that he’d create a foundation to support efforts to break the cycles resulting in hunger, homelessness, domestic violence, and other societal ills.

Castellana didn’t win, but he got to thinking: Why did he have to win the lottery to do what he envisioned?

After pondering that question, Castel-

lana came up with a plan to present to the board of \$3 billion asset SEFCU, for which he's president/CEO. He suggested the Albany, N.Y., credit union allocate at least 20% of its net income each year—depending on the credit union's financial results—toward community causes.

Castellana says he didn't need to do any arm-twisting to gain approval. "To a person, the board members stood up and said they understood what we were getting into," he recalls, "and they agreed with it 100%. They also understood that we have to be a top-notch financial institution to be able to do what we were talking about."

At SEFCU, the true measure of success isn't measured in asset figures,

loan-to-share ratios, or other such numbers, Castellana says. The proper gauge is how many community members the credit union has helped.

SEFCU's Community Support Program has benefited more than seven million people by contributing more than \$14 million and logging thousands of hours of community service.

"We see our purpose as being broader than 'people helping people,'" Castellana says, "or being America's best choice for financial services. We really are here to change the world. Think of the collective impact credit unions could exert if we more broadly defined our purpose. The number of people we could help would be staggering."

FOUNDATIONS DELIVER BROAD IMPACT

Credit unions have always demonstrated an intense community focus, but they've magnified the power of their contributions in the past decade through acts such as creating charitable foundations or committing to substantial financial donations.

"This concept of community support is a rallying cry for our staff," says Michael Castellana, president/CEO of \$3 billion asset SEFCU in Albany, N.Y.

The credit union strives to return one-fifth of its net income to the community every year, and also provides people power—such as the 140

employees who bussed to Manhattan after Super Storm Sandy to donate money and supplies, and assist with cleanup.

SEFCU protects and builds this culture starting with the hiring process, screening for people who want to help others. Job applicants cite the organization's positive impact on the community as a major reason they want to work at SEFCU. They don't have to wait long to contribute. A new SEFCU employee often will spend his or her first day on the job serving meals at a local homeless shelter.

Recognizing the com-

mon bond between firefighters across the country, Firefighters First Credit Union in Los Angeles offers assistance to professional firefighters and their families nationally through its Fire Family Foundation.

In addition to assisting firefighters through some of life's difficult personal challenges—such as a cancer diagnosis for them or a family member—the foundation looks out for firefighters displaced, injured, or killed in the line of duty.

For instance, after spending hours and weeks battling the devastating fires that blazed through

Northern California this past summer, 30 firefighters discovered their homes had been destroyed. To help these dedicated first responders rebuild their homes and lives, Fire Family Foundation committed \$30,000 to create the Helping Firefighters Heal Fund.

Through the Dupaco R.W. Hoefer Foundation, Dupaco Community Credit Union in Dubuque, Iowa, grants money to individuals in need, and partners with area organizations to provide needed community services.

In one case, the \$1.3 billion asset credit union paid a share of mounting medical bills for a member so severely injured in an ATV accident that his wife had to quit her job to care for him.

"Often it isn't the member who makes the request for assistance," board member Randy Skemp says. "It's usually one of our employees or another member who asks on behalf of someone else. When you see that

person's emotions and reactions, you know you're doing the right thing."

Dupaco Community and its foundation join forces with the Housing Education and Rehabilitation Training (HEART) Program to help area at-risk high-school students develop sustainable careers.

Through the enhanced HEART Bridge program, Dupaco opens a savings account and provides financial coaching for young participants. Students earn a stipend as they learn hands-on trade skills during housing and community revitalization projects.

The foundation will match the savings amount once young members attain their goals. Participants can use their savings and matched funds toward certificate programs, degree programs, career equipment, or tools.

CAP COM Credit Union stresses "the power of one" on marketing materials for the CAP COM Cares Foundation.

The \$1.2 billion credit union in Albany, N.Y., notes on its website that "one employee's monthly Dress Down Day donation can buy 50 pairs of socks for a shelter. One golf tournament sponsorship provides three scholarships to support higher education. One Saturday morning spent delivering gifts means 200 moments of magic during the holiday season."

Since its inception in 2003, the foundation has donated \$2.4 million—including more than \$500 million to support educational initiatives and scholarships in the community—and thousands of volunteer hours. CAP COM provides more than \$50,000 in scholarships and awards to its young adult members annually.

"As more and more families struggle to invest in their children's future, supporting access to quality education has become a primary focus for CAP COM," president/CEO Paula Stopera says.

Political Involvement and Advocacy

One evening as Marc Schaefer watched a PBS documentary on the making of the movie “Gone with the Wind,” he was struck by one of Scarlett O’Hara’s lines: “I’ll never be hungry again.”

Schaefer says his credit union had its own “I’ll never be hungry again” moment years ago after surviving a lawsuit that threatened its ability to grow and thrive. To avert any recurrence of such threats, he’s been active on the political front ever since.

“We became very good at political involvement through trial by fire,” says Schaefer, president/CEO of \$1.9 billion asset Truliant Federal Credit Union in Winston-Salem, N.C.

The “trial” he speaks of was the 1990 landmark case in which the American Bankers Association and five North Carolina banks sued NCUA for allowing Truliant Federal (then AT&T Family Federal) to add a furniture factory to its field of membership.

That ignited a movement-wide grassroots campaign to fight for credit unions’ right to offer membership to more people. As a result, Congress passed the Credit Union Membership Access Act (HR 1151) in 1998.

Looking back, Schaefer views that experience as “a wake-up call,” he says. “We decided we always have to be in the hearts and minds of our political leaders.”

Echoing that commitment, today’s forward-thinking credit unions engage management, staff, and members in political activity.

Appealing to Hearts and Minds

Strong political advocacy depends on board members being “deeply engaged,” Schaefer emphasizes. “When they meet with their representatives and senators, they can say, ‘I’m a volunteer, and I’m here because I believe in Truliant.’ Their motives are pure and effective.”

As board chair for Truliant Federal, Greg Thrush says one of his roles is to make sure board members understand the need to set aside personal political feelings.

“When we go to Washington,” he says, “we need to make sure we’re focused on what’s good for credit unions, not on what individuals would like to see government do.”

Thrush points out that North Carolina is a big banking state, and the banks can pour big money into politics. “But we have the votes,” Thrush says. “We remind our political leaders of that constantly by telling them how many of their constituents are our members.”

Still, credit unions can be their own worst enemy when it comes to political advocacy, Thrush warns. Credit unions sometimes differ in their views about what’s important. For instance, “some have business lending, some don’t,” Thrush says, “so we can be fractured in our views on some matters. But it’s best if we take a united voice to Congress.”

That voice includes members, too. Politicians listen when members speak up about credit union issues. The first step is to make sure your members know they’re members, Schaefer advises.

That’s why whenever a member leaves a

Truliant Federal location, he or she hears an employee say, "Thank you for being a member." It's why the "for member/owner" signs are posted on Truliant Federal's parking spots. And it's why the credit union has a 60-foot tower topped with a glowing light that changes color at its headquarters. Employees ask every 10th member served how he or she feels about the credit union, and the light's color reflects the intensity of members' responses.

"We make sure they understand that being a member of a credit union is not like being a customer of a bank," Schaefer says. "We constantly reinforce that because the day will come when we'll say to them, 'We need your help. We need you to tell someone why your credit union is important to you.'"

Reaching Out, Being Surprised

Sometimes small actions yield surprising results. When an Oklahoma congressman was scheduled to appear at a town hall meeting in Henryetta, Okla., the people at First Family Federal Credit Union decided to call his office. They said they knew the congressman was extremely busy, but if he was willing to stop by the credit union while in town, they'd serve him lunch.

The congressman accepted. He got to know the credit union staff and board members, and they got to know him. The lunch date stirred a lot of excitement for board and staff alike.

"It was a positive response to something we didn't think would even happen," says David Dykes, president/CEO of the \$64 million credit union. "That sort of flipped a switch for us."

Thus began what has now been years of political involvement. Besides attending town hall meetings and getting personally acquainted with federal and state lawmakers, Dykes and some of the directors have attended many CUNA Governmental Affairs Conferences (GAC). Directors and

staff also have participated in several of CUNA's Calls to Action.

Now, First Family Federal is ready for the next step. True to the credit union's approach to any big undertaking, including political advocacy, "we're eating the elephant one bite at a time," Dykes says. "Now we need to bite off another chunk by starting to work with our members" to get them involved in advocacy, as well.

Toward that end, the credit union signed up earlier with CUNA's Member Activation Program (MAP). Dykes remembers reading about MAP and its study showing that members who get involved in advocacy are more loyal to their credit union and conduct more business there.

"I hadn't thought about that before," Dykes says, "but it's a cool idea. Members are owners of the credit union, and they can stand up for their interests. People don't have that opportunity if they're customers at a bank."

Getting Everybody Involved

At People's Trust Federal Credit Union, members can't miss the fact they're doing business with a different kind of financial institution.

For instance, when they go to the credit union's website, they're greeted with the words "Happy Unbanking," and *unbanking.org* is in the email address. The unbanking message is "part of our brand," says Angela McCathran, president/CEO of the \$508 million asset credit union in Houston.

By joining CUNA's MAP, People's Trust Federal is ratcheting up members' engagement in political advocacy on behalf of their credit union.

McCathran and some of her board members heard about MAP through Tony Budet's presentation at GAC. Budet is president/CEO of University Federal Credit Union, Austin, Texas, one of two credit unions included in the MAP

study Dykes referenced. The other credit union is CommunityAmerica in Lenexa, Kan.

“We thought the program was a perfect fit for us,” McCathran says. “It was a no-brainer to join.”

To date, members have participated in two MAP campaigns—Don’t Tax My Credit Union and Stop the Data Breaches—to convey messages to Congress. “CUNA does a remarkable job of making it easy for us,” McCathran says.

Members get an email from People’s Trust, which includes a link to CUNA’s website. Then they simply click to send an email to the appropriate congressperson. Soon, a new feature on the credit

union’s email system will enable tracking of members’ participation levels.

Another way staff can engage in advocacy is through the Employee Co-op Club. Employees sign up to donate \$1 to \$5 through payroll deduction to the Cornerstone Credit Union League’s political action committee. By doing so, they get special perks, such as invitations to political fundraisers and chamber of commerce events.

Also, to qualify for their annual bonus, employees must earn two “advocacy points” by engaging in some type of advocacy activity. “We convey the message that it’s important for all of us to be involved at some level,” McCathran says.

Board Governance

Doug Olson remembers the day a few years ago when “it really hit home” that his role as a credit union director had changed dramatically. He received a call from the NCUA district headquarters in Austin, Texas, demanding—not requesting—that he pay a visit.

At the time, his credit union—\$1.5 billion asset Royal Credit Union in Eau Claire, Wis.—had a hefty business loan portfolio, and still does today. Business loans now represent 44% of Royal’s total loan volume, Olson says, with 0% delinquency for the past three months. (Under H.R. 1151, Royal is exempt from the member business lending cap because it was already over the cap at the time the law took effect.)

But back in 2011, the shadow of the mortgage crisis loomed. Even though Royal had been a successful business lender for decades, “NCUA believed business lending would be the next shoe to drop,” Olson says.

That phone call “was an eye opener for me,” he says. “Credit union board members have so much more responsibility these days.”

Accountability for financial stability and regulatory compliance are, of course, only part of the picture. Board members also must serve as member advocates, advisers to the CEO, and ambassadors to the wider community.

And, as we’ve seen in the previous sections of this white paper, the board plays a key leadership role in shaping a credit union’s social and political impact far beyond its own walls.

To bring greater value in multiple ways to their credit unions, boards are exploring new governance strategies. A few examples follow.

Royal CU

Royal’s board adopted a new strategic planning technique about two years ago, says Olson, who has served on the board for 20 years and as chair since 2008.

“Rudy Pereira, our CEO, started talking

about the next step in strategic planning, which we believe is scenario planning,” Olson says. This step involves posing several what-ifs. For instance: What if regulation tightens? What if nontraditional financial players are more of a threat in the future?

Through the process, “we’re not predicting what will happen,” Olson explains. “We’re simply looking out on the horizon and asking, ‘What’s possible?’”

The board then focuses on how to best position the credit union should those scenarios play out. That, in turn, shapes the credit union’s strategic plan, which is a five-year rolling plan that sets long-term goals for the CEO.

“We don’t bounce around from year to year,” Olson says. “It’s a steady plan for where we plan to be in five years.”

Diversity is Vital

Successfully delving into “what-ifs” depends on board members bringing a mix of expertise and backgrounds to the discussion, Olson says. That’s why Royal works hard to build diversity into its seven-member board. Olson notes his board has experience in such fields as business, finance, education administration, human resources, and community relations.

“From a governance perspective,” Olson says, “we’re focused on what skills we need for a credit union of this size.”

Yet, with all that experience and expertise, “board members don’t get involved in management decisions in any way, shape, or form,” Olson says. “We stay at 30,000 feet, always.”

Even though directors stay out of the day-to-day duties, having diverse expertise on the board “is a good thing,” Olson adds. “First, the CEO can seek out people to serve as sounding boards. Second, the board must be aware of what’s going on” in the outside environment.

Other Requirements

All Royal board members must earn the Certified Credit Union Volunteer designation from CUNA by the end of their second term on the board.

The board has no age or term limits, although these issues have provoked discussion. In summing up the board's position, Olson says, "We have a fabulous board member (John Sackett, CUNA board member) who's been on our board for 32 years. Why would we make him leave?"

Royal has compensated board members for about the past six years. Compensation is key to attracting the high-caliber directors a \$1.5 billion asset credit union needs, Olson says.

He acknowledges board compensation is a touchy issue in the movement. Still, many credit unions claim their directors aren't compensated, but they offer a hefty travel budget for directors and their spouses, Olson notes.

"We don't include spouses in travel and, in fact, discourage them from going," he says. "The purpose of a conference isn't sightseeing; it's to become educated."

Role of the Chair

Just as the board's role is evolving, so is the chair's role, according to Olson.

One change he sees is the need to keep his fellow board members accountable. Are they meeting education requirements? Are they prepared when they come to board meetings? Do they engage in board discussions?

"Then I sit down with them individually for an annual assessment of their performance," he says, "to make sure they're doing what they're required to do."

Olson meets with the CEO nearly weekly to talk about the credit union's direction, management talent needs, and so on. "He understands I'm not his boss. The board is

his boss," Olson says. "We work together almost as co-leaders."

Leadership skills represent one needed trait of a board chair, "but I also have to be a visionary and a futurist in leading the board to where we need to go," Olson adds.

Visions FCU

Recruiting new board members is a non-stop process at \$3.4 billion asset Visions Federal Credit Union, Endicott, N.Y.

It has to be. Credit unions face ever-tougher competition to attract the board talent they need in today's environment.

"We're very active in the community," says board chair Ken Kidder, "and we have a strong reputation here. We can attract good people to the board, and, keeping my fingers crossed, it will continue to go that way."

That's not to say the board depends on luck. Its members proactively identify and attract strong board candidates. For instance:

// They keep their ears to the ground through their extensive involvement in community organizations, including serving on other nonprofit boards in the area.

// When the local Chamber of Commerce conducts leadership training for community volunteers, the board sends letters to the dozen or so graduates each year asking if they'd be interested in volunteering at Visions Federal.

// The board hosts occasional volunteer roundups. Each director invites two potential director candidates to a reception, where attendees learn about the credit union's mission, the role and responsibilities of directors, and the associated time commitments. "We've probably done that two or three times over the past 10 years," Kidder says, "and it's worked well for us."

'Intentional' Diversity

Visions Federal uses an "intentional diversity" strategy to build a board to lead the credit union into the future, says CEO Ty Muse.

"All of our board members believe it's their job to replace themselves with better people," Muse explains. "They're not just trying to become more diverse. They're trying to diversify with people who are better than they are. That's a critical reason why the board is so successful."

By being intentional, the nine-member board obtains diverse skills and qualities. That became even more critical as the credit union transitioned to a community charter and expanded from the former IBM Endicott/Owego Employees Federal Credit Union. For a while, former IBM employees continued to comprise much of the board.

"They came from the same culture and attacked problems and issues the same way," says Kidder, who joined the board 12 years ago and is in his second year as chair.

Building board diversity also hinges on a diverse nominating committee, Kidder emphasizes. The seven-member committee "represents our membership population," he says. "For example, we try to have someone under [age] 40 on there and someone who's not in Broom County, where the majority of our current board members live."

Creating a Grid

To aid the nominating committee, the board creates a grid that presents the various skills, expertise, and other characteristics the board needs at a given time.

Then the committee identifies where gaps exist and puts more weight on those areas when choosing board candidates. The grid undergoes regular adjustment as the board's needs shift.

The idea is to give the nominating committee some direction when rating individual candidates, based on skills, occupation, where they live, age, and so on. The grid includes a point system to evaluate candidates in these various areas.

"I view this system as a guideline, not a hard-and-fast way to do this," Kidder says, "We give the nominating committee the opportunity to make good decisions for us, instead of the board saying, 'This is the way it's going to be.'"

Other Governance Strategies

Other measures Visions Federal uses to build a top-notch board include:

// Term and age limits. To bring in new blood and support the pursuit for diversity, directors can serve no more than four consecutive three-year terms, and they can't run if they're age 70 or older. Still, the board might call upon committed ex-directors to serve on the supervisory committee. "We can keep them in the loop," Kidder says. "And there's nothing that excludes them from running for a board seat the following year" after they've left the board.

// Committees as a training ground. Potential board candidates serve on the supervisory and other committees. That gives the credit union a chance to gauge their commitment, and the volunteers gain familiarity with the credit union and what's involved in being a director.

// Mentoring. A seasoned director is assigned to each new board member for his or her first six months. They might meet over coffee or lunch, for instance. "The new board members feel they have someone to go to with questions," Kidder says. "In a complex organization such as ours, it takes time to get up to speed."

University FCU

Governance has a natural life cycle, says Gerald Davis, former board chair at \$1.9 billion University Federal Credit Union in Austin, Texas.

Davis left the board in April 2015, but continues to serve on a volunteer committee. University Federal and its board did a great deal of “reinventing” when shifting to a stronger external focus, he says.

The goal of the external focus is for University Federal to be truly relevant in the wider community, says Tony Budet, president/CEO. “I don’t think you achieve relevance by just making loans,” he says. “There has to be more to it than that.”

Budet has been a key figure in the shift in University Federal’s mission. In tune with his revised job description, he now delegates many of his credit union executive duties to his team, allowing him to get heavily involved in the outside community. As an upshot of such involvement, Budet was elected the board chair for the Greater Austin Chamber of Commerce.

“Something like that would never have happened,” Budet says, “if we had not begun to look out into the community and become as engaged as we are.”

Is University Federal succeeding in its reach for relevance? “The acid test is whether we’d be missed,” Davis says. “Would it matter if we left? Yes, it would put a huge hole in this community.”

Broader Vision

Davis gives Budet a great deal of credit for University Federal attaining its stature in Austin. Budet, in turn, credits the directors for their forward thinking.

“To pull this off, you need the right people around the board table,” Budet says. “These people have a broader vision that prompts us to think about what’s possible strategically through a nonprofit platform like this.”

As Davis sees it, the board is “evolving to include higher-level thinkers and strong business people,” he says. “They come from a broader cross-section of the community, and there’s a nice balance of gender and ages.”

The directors also are community leaders, and many of them serve on boards of other community organizations.

Budet agrees it’s crucial to draw that kind of talent to the board. He notes that a couple of directors will retire next year. The nominating committee’s current list of prospects includes 25 community leaders who, due to University Federal’s reputation, would strongly consider the job if offered, according to Budet.

“They don’t want to be part of an organization that just offers the lowest loan rates,” he says. “They want to be part of an organization that has a bigger mission—to try to effect change in the community and have an impact on the quality of life here in a variety of ways.”

Adapting to Changes in Governance

The transformation at University Federal changes the board’s role in governance—and even how it conducts meetings. Gone are the days when the full board invests time discussing where to hold the next retreat or again debating items it already voted on.

Still, changing the old ways of doing business created distrust among some board members. “We had to rebuild that trust,” Davis says, “by stating, and restating, and stating one more time what the changes were, why they were made, and how we were moving forward. We turned up the level of communication.” The board also brought in outside help to offer guidance through the change process.

Now, the board can focus on more vital matters at meetings. For instance, Davis says that when he was chair, the board be-

gan setting aside time at the end of meetings to assess its performance.

"We'd go around the table," he says, "and discuss how the conversation we'd had that day met our mission. What did we do to add value to the organization?"

Another addition to board meetings was to bring in a credit union member who'd talk about how the credit union had a positive impact on his or her life. "We'd see a real face," Davis says. "It was moving to hear how the employees had gone above and beyond."

Directors as Counselors

University Federal's directors evolved into advisers, community ambassadors, and credit union advocates on the state and federal levels. In their relationship with Budet, they're consultants.

"He's a really good listener," Davis says, "and he works hard to make you, as a director, feel he values your counsel. I would say everybody on the board likes that."

On Budet's part, he definitely welcomes the directors' input as University Federal pursues its outwardly focused mission.

"They give me direction," he says, "and they redirect me if I'm off track. They do that in a way that's productive. Technically they're my boss. But the way we operate is that they're my partners in making this work."

Millennial Leadership

As credit unions' memberships change, so must credit union boards change to reflect them.

Appealing to the younger generation of members and employees is critically important, says Mark Sievewright, president, credit union solutions at Fiserv.

In addition to deploying technology, building new product brands, and promoting the social good business model—all issues that appeal to millennials—credit

unions should consider incorporating young leaders into their governance process through advisory boards or as full board members, Sievewright says.

To attract a new generation of leaders to your board, young board members suggest engaging millennials with the following approaches:

// Use technology. "We changed the way we host meetings. We meet via webinars so I can be sure to stay engaged," says Anthony Lawrence, supervisory committee member, SC Telco Credit Union, Greenville, S.C. "We stopped thinking individually and more as a whole—for example, how can we serve people via different channels?"

// Mentor. "The board made a decision to bring a younger person on the board and supported me. The board chair at the time took an interest in mentoring me, introducing me to the industry, and being more flexible by scheduling evening meetings and remote meetings," says Katie Larson, board chair, Elevations Credit Union, Boulder, Colo.

// Remove barriers. "Some board members spoke up about traveling 150 miles for a weekend meeting, for example, so we started to think about staying closer, or we considered details such as offering locations with babysitting services," says Jake Jensen, board member, Advantis Credit Union, Milwaukie, Ore.

The millennial demographic is larger than the baby boomers and will drive market changes in the coming years, Sievewright says.

"Demographic shifts will have a profound impact, not only on who we serve, but how we serve them," he says. "We must understand the differences of the millennial generation from the generations that have gone before."

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Resources

CUNA, cuna.org:

- Volunteer leadership training, including the annual National Credit Union Roundtable for Board Leadership
- *Credit Union Directors Newsletter*
- CUNA Environmental Scan

National Credit Union Foundation: ncuf.coop

NCUA: ncua.gov

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