

# CEO ROUNDTABLE

Focusing on CEO-to-CEO  
Brainstorming

2014

***CEO Strategies***

# Your 2014 Board of Directors...



# A Hint on This Year's Numbers

## THE BOARD'S INSTRUCTIONS TO OUR CPA FOR CLOSING THE YEAR

### ❑ Declared 2014 Patronage Dividends:

\$ 800,000 Standard Patronage Dividend

\$ 1,100,000 Bonus Patronage Dividend

**\$ 1,900,000**

\$ 500,000 Ownership Dividend

**\$ 2,400,000**

Year #5 for a Bonus Patronage Dividend

❑ Projected Stock Dividend: **4.00%**

❑ Projected Increase in Stock Equity: **9.6%+**



All are **projections** to be finalized by our CPA in December...then look for a check!

# It's Been a Great Year...

...NOW ON TO 2015!

- In August, the BOD approved the 2015 Business Plan and Budget
  - This marked the end of our 2015 planning season, and now we're on to executing the plan – our new year started 10/1/2014
- Today's event is the first in our planning season for 2016
  - Think about 2016 planning when you are in your roundtable group discussions throughout the day today
  - There are many more events planned for 2015, as part of our 2016 planning season – from our Board meetings to focus groups to all of our education contacts
- The next major event is our Leadership Conference (**June 16-18, 2015** – mark your calendars!)



We truly appreciate your participation, and respect your dedication in leading this cooperative

Once again...

**The Roundtable is Back!**

## Here's how it will work:

Topic **1**

Consider this question...

What is your approach to....

- ... This nuance?
- ... That nuance?
- ... Another nuance?
- ... And one more?

RK says, "..."

RK says, "..."

RK says, "..."

RK says, "..."

These are intended to  
spur conversation . . .  
Randy's not always  
right!



## 4 questions: 1 hour each

Introduction by Randy	10 minutes
Brainstorming with group	30 minutes
Recap / summary report from 1-3 groups	20 minutes

- Topics 1 & 2 will be before lunch (12:00p), then 3 & 4 after lunch (1:15p)
- There'll be extra time for networking between questions
- Scribes will take notes for your group
  - Notes from all groups will be posted by Nov. 14th on the CEO Strategies website
- Choose a spokesperson in case your group is selected to give a summary report



Get ready to switch  
tables after lunch

# 2015 Business Plans

- It's that time of year, where everyone has the assignment to document a business plan
- I'd remiss if I didn't take another shot at encouraging you to go viral with your business plan
- Cooperative Internet Retailers would never doubt it



## Let's discuss what everyone is prioritizing for 2015, and see what we can learn

- Every CEO should list 3 initiatives you have for 2015, then report the 3 most common initiatives from within your group
- Which initiative from your group would you nominate as the most far-out and unique?
- List 3 things you put into your business plan, hoping your examiner will read and take note of
- List 3 things you put into your business plan that you hope inspire your stakeholders and create some excitement

RK says, "Most organizations share 85% of the same goals and agendas. The trick is getting everyone to agree what a collective could enhance about that 85%."

RK says, "That leaves 15% of the 2015 goals as a pool of things we might all consider unique and even weird. I hope this group surprises me."

RK says, "Every CEO and every examiner hopes the other side is listening. Smart CEOs should stack the deck and put a couple of things in their business plan so the examiner can declare feel like they are getting through to you."

RK says, "We would never have heard of PT Barnum if he was boring and lacked the ability to get attention. Make sure your business plan has just enough PT Barnum in it to inspire the hope your team needs for its future."

# Apple Pay

- Apple's announcement has everyone with an iPhone 6 asking how and when

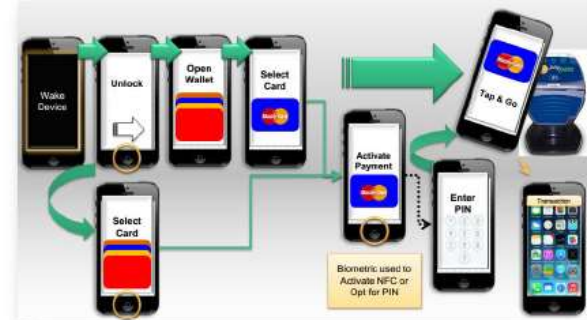


## Financial Institution Primary Considerations

- FI's must first enroll in MDES or VTS to offer Apple Pay
- Both Principles and Affiliates will work through Vantiv
- MasterCard, Visa, Apple and Vantiv will have fees
- Apple is not negotiating their T&C's or fees
- FI's will need Apple Pay supported devices for testing
- MasterCard and Visa are providing customer service portals for FI's customer service teams to provide Token lifecycle management
- FI's Alternative PIN Network will need to be Apple Pay, MDES or VTS certified
- An FI's Core does not need to do anything to support the transaction authorization or token provisioning

vantiv

## Apple Pay Consumer Experience Payment - NFC



vantiv

Have you read Christensen's  
"The Innovator's Dilemma"?

## Discuss with your group what you are thinking about when it comes to Apple Pay and 2015

- Is Apple Pay on your credit union's radar to research in 2015? Go active with in 2015? Or simply ignore in 2015?
- What is different about Apple Pay compared to Google Wallet? What are you thinking about Google Wallet these days?
- As new payment systems solutions come out, how are you deciding on what to pay attention to and what to ignore? What influences your decision to prioritize the research?

RK says, "Not addressing Apple Pay in 2015 might be difficult for most CEOs. Apple's current tactics seem extreme, but we all need to track along and keep each other in the know."

RK says, "I can't really say. We've had no real project here at CU\*Answers for either Google Wallet or Apple Pay. We're watching for what CUs will prioritize and for what they think about us getting involved."

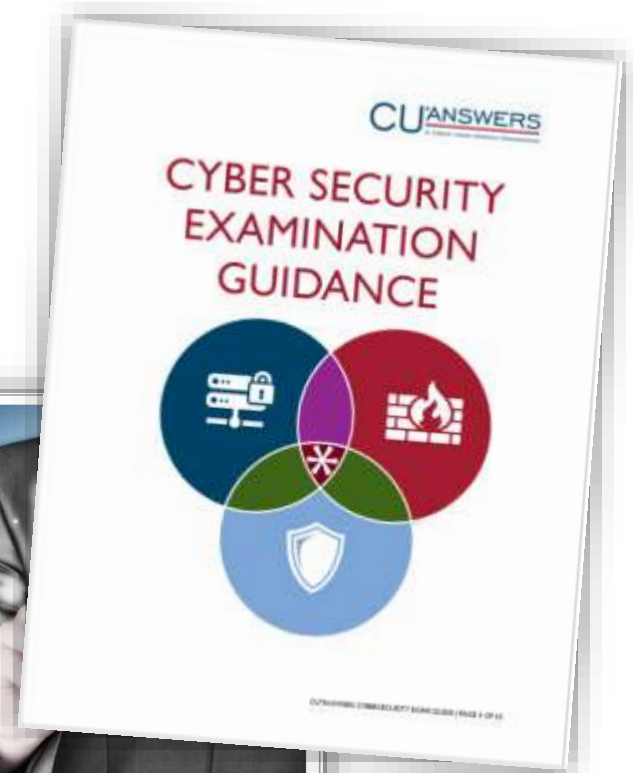
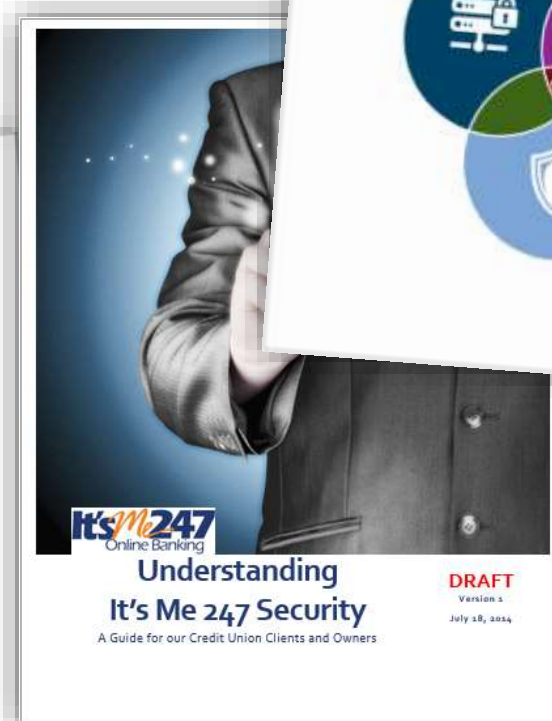
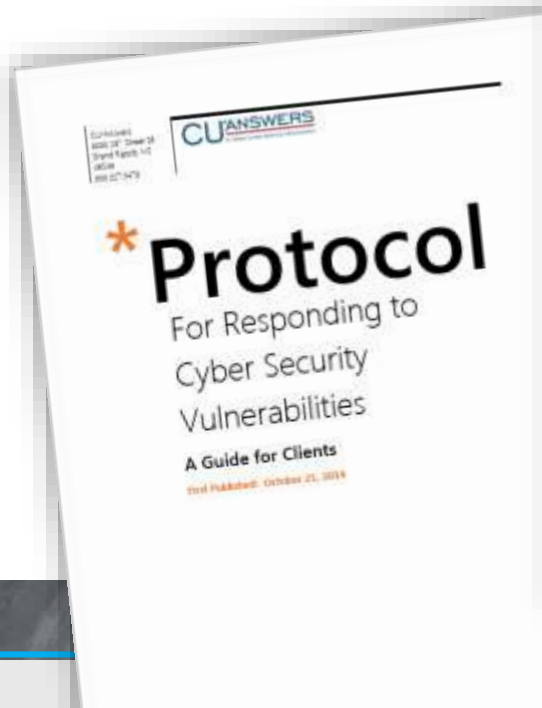
RK says, "CU Wallet cannot figure out how CU\*Answers can make a group deal for their subscription service. CU\*Answers can't figure out why we would want to buy into CU Wallet as a company. Does Padient make sense for CUs?"

Be back at 1:15pm – and  
remember to choose a  
different table!

**Time for lunch!**

# Cybersecurity

- CU\*Answers' job is to close the door on vulnerabilities
- Your job is to know when to accept them
- How will we work together in a collaboration with varying risk tolerances?



## Discuss with your group how the current publicity around cybersecurity has affected what you're planning to do in 2015

- List at least 3 things every credit union CEO should make sure are reviewed and updated in 2015
- Share what you have included in your cybersecurity response protocol (*Do you have one? Why not?*)
- When CU\*Answers needs you to make a decision on whether to interrupt services due to a security breach, who makes the call in your CU?
- List 3-5 determining factors on whether or not you leave a service on and take the risk?

RK says, "Back in the day, if someone whispered we might have a security problem with It's Me 247, we turned everyone off, almost immediately. With security concerns being an everyday event these days, it's more nuanced and gray. If you're going to have to train people on making the call, it had better be a simple test."

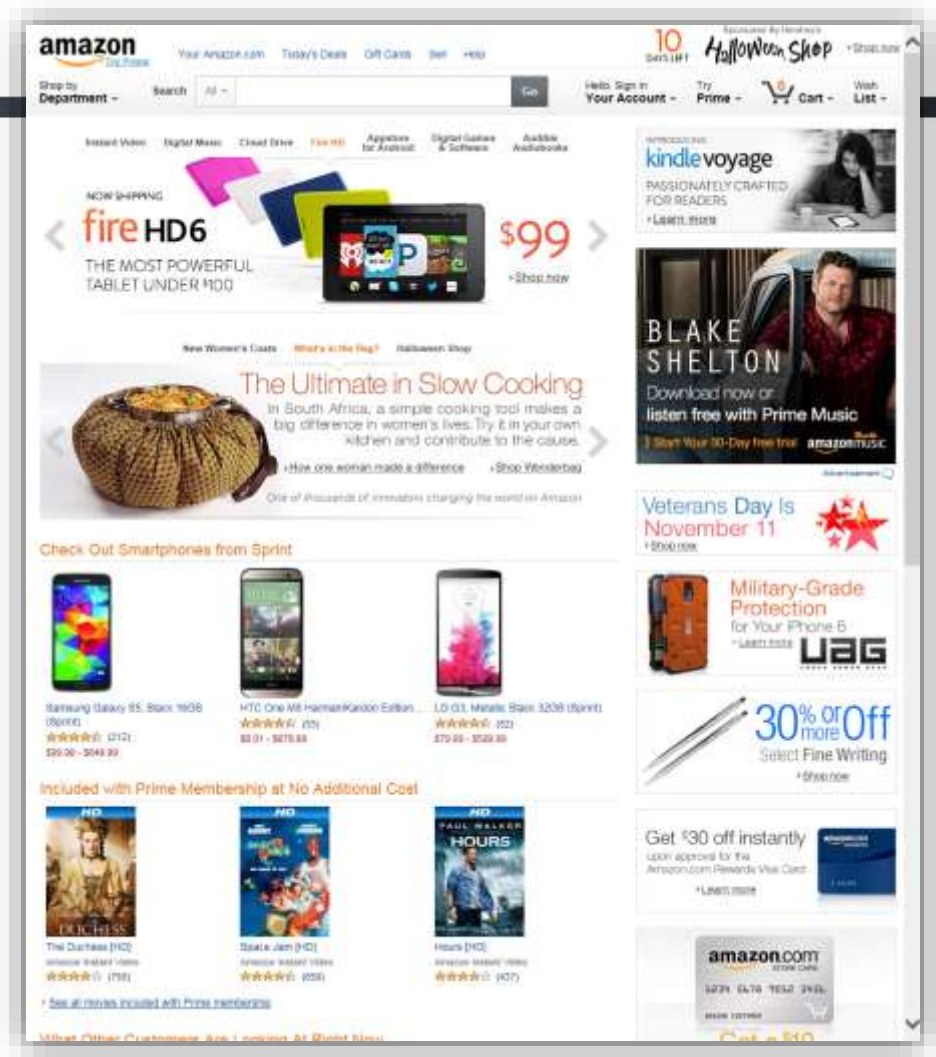
RK says, "It appears CS will be an exam priority in 2015. I think I'd start there. You'd better be ready to talk it."

RK says, "When a vulnerability goes public, you're on the spot and have to make a decision, even if the vulnerability is an old one. On that day, it starts all over again."

RK says, "We're retraining our staff to make sure we understand a red light vs. a green light in proceeding forward. You'd better be ready to walk it.."

# Internet Retailer

- When it comes to declaring yourself an Internet Retailer, the biggest problem might be how your team sees itself and your business
  - You
  - Your board
  - Your staff
  - Your customer-owners



## Discuss roadblocks to the evolution of your retail model towards the future

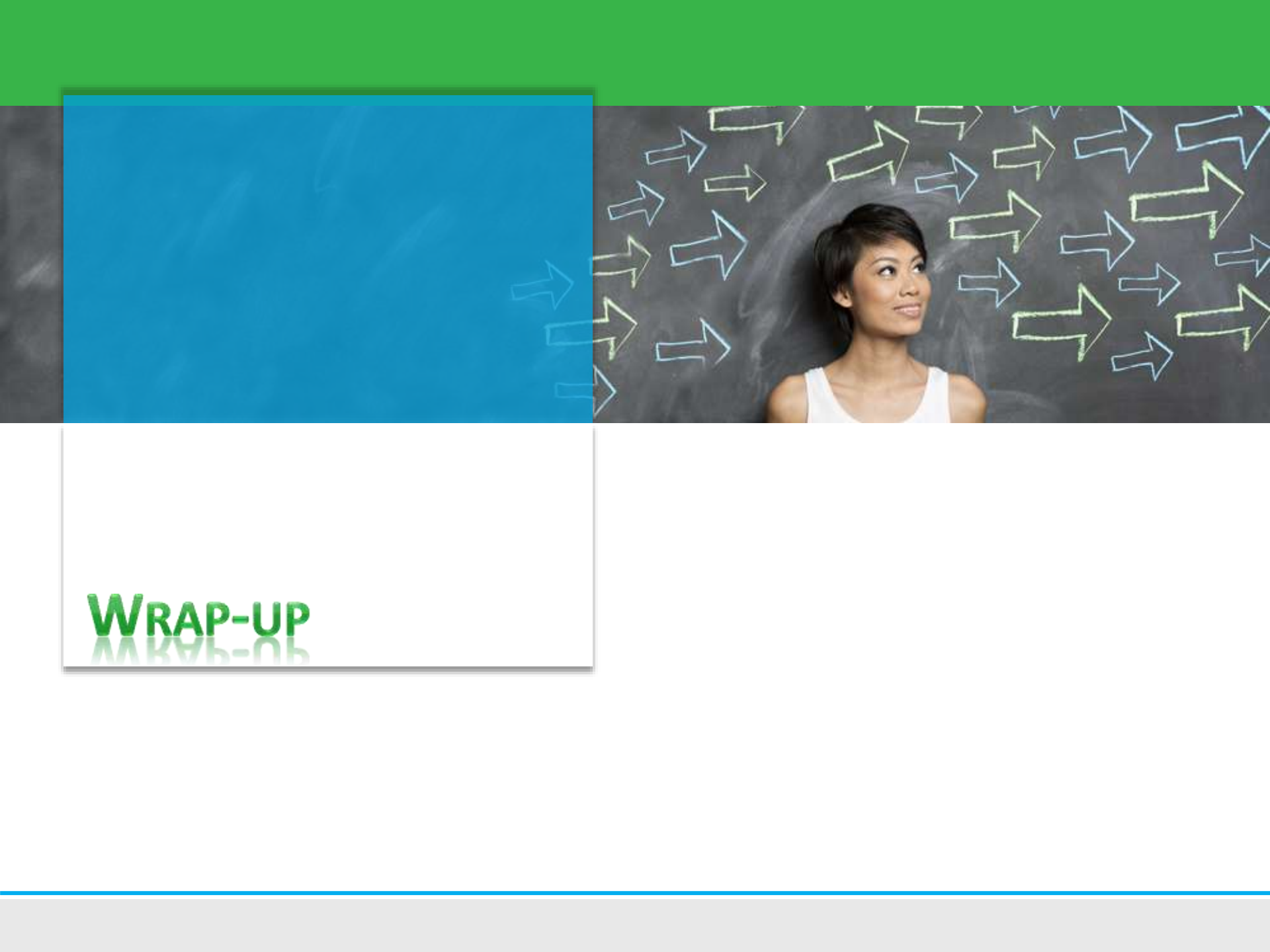
- List your top 5 reasons that employees resist the tactics of self-service and freeing the member to get it done, all by themselves
- Identify the top 5 reasons you think you do not have a green light from your board to get aggressive about Internet tactics
- List 3-5 things you think your credit union needs to do so it can declare itself an Internet retailer
- What do you think it means to move a co-op online?

RK says, "The #1 reason CUs give CU\*Answers on why they haven't turned on self service products is that members will do it wrong."

RK says, "When I ask a CU Board member why their credit union hasn't developed more of an Internet persona, I general get a 'beats me' response."

RK says, "Most CU leaders tell me they are waiting for an 'industry standard' and they aren't clear on how to be so bold as to just declare it themselves."

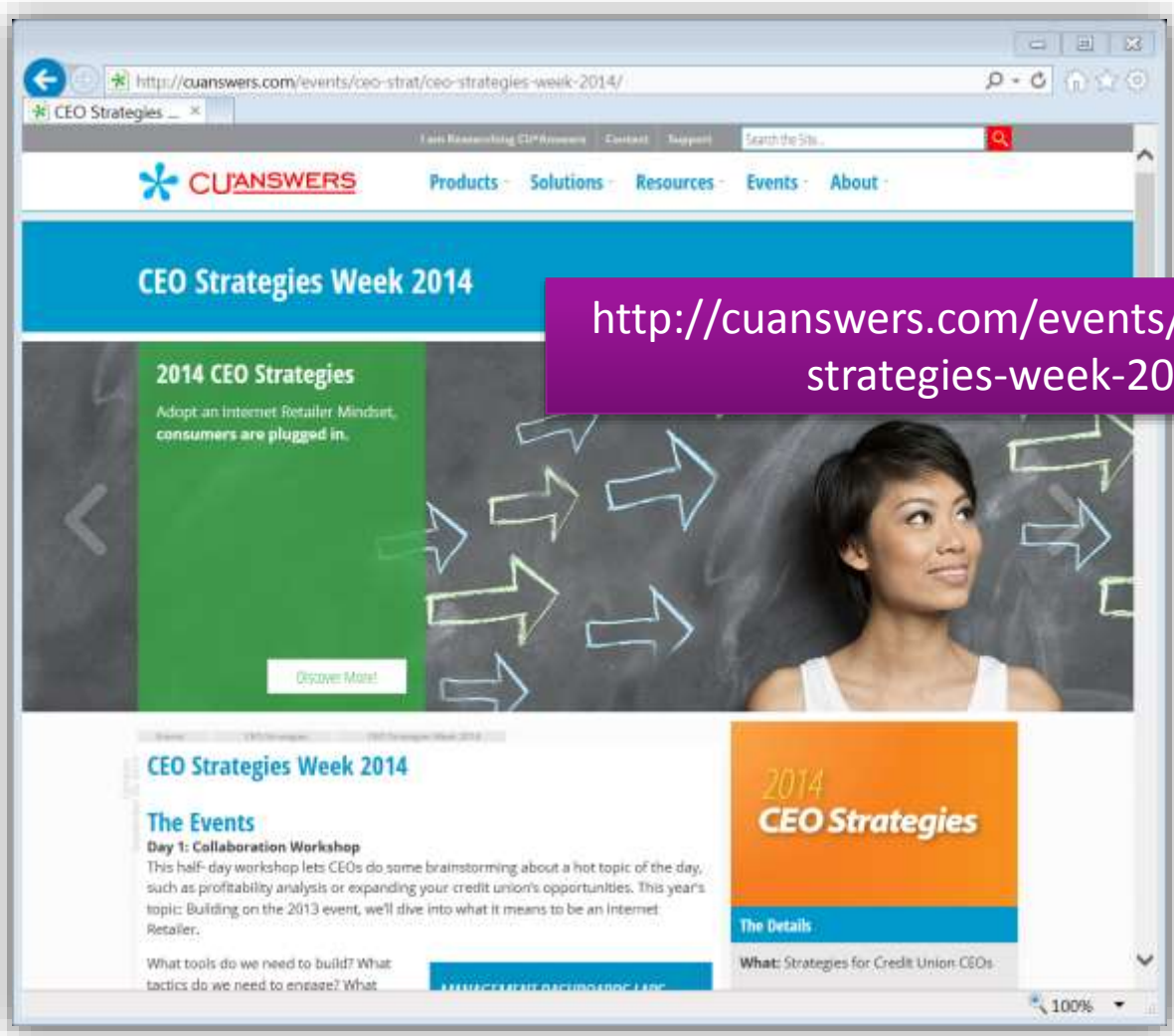
RK says, "If I can't vote on my phone, see a balance sheet online, or win a door prize for an annual meeting without being there, it's just mobile banking."



**WRAP-UP**

# Wrap-up

- Scribe notes will be compiled and posted on the CEO Strategies website no later than Friday, November 14th



<http://cuanswers.com/events/ceo-strat/ceo-strategies-week-2014/>

# The Advantage of a Cooperative

The drivers for reaching for opportunity



## How did our founding pioneers create our current opportunity?

- They found people where the solution was based on working together
- They found people where their challenges were important enough to build a company and do it themselves
- They prioritized the mutual needs (went on the offense) without allowing the fear of what they couldn't do to dissuade them (being on the defensive)
- They knew if they created a community and bonded closely with it, that would be the advantage that would sustain them
- They did something they'd never done before, in order to get something they didn't have

These are the core traditions we need to hold on to, and make them work for this economy in the next decade

I have challenged myself and the CEOs who make up the CU\*Answers Board to use these advantages as the foundation for the next decade

I hope you'll join us in finding the partners we need, identifying the challenges we should focus on, and creating a community to obtain what we need

A woman with short dark hair, wearing a white tank top, is looking up and to the right. She is standing in front of a dark chalkboard. The chalkboard is covered with many hand-drawn arrows in white and yellow chalk, all pointing in various directions. A large blue rectangular area is overlaid on the left side of the image, partially obscuring the chalkboard and the woman.

**THANKS FOR THE DAY!**

...and for the week!