

# 2019 CEO Strategies Week

November 11-14, 2019

# Welcome!

WIRELESS ACCESS: DeVos Place  
PASSWORD (VOUCHER): CUA50years!

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# CEO Roundtable

**Where will Credit Union CEOs Take Us?**  
The Credit Union Vision

November 12, 2019

**CU\*ANSWERS**  
A CREDIT UNION SERVICE ORGANIZATION

# Welcome to the 2018 CEO Roundtable

## TODAY'S AGENDA

- Greetings from the Board
  - Your 2019-2020 Board of Directors
  - Hint at the 2019 dividend checks
- CEO Roundtable
  - CEO brainstorming: CUSO initiatives to act on going forward
- [cuasterisk.com](https://cuasterisk.com) CEO Live Chat Room
  - CEO networking: Talking with each other with networking as the point

And don't forget tonight's special event:  
50<sup>th</sup> Anniversary Open House  
at the Grand Rapids Art Museum



During the CEO Roundtable, CEOs break it down **with their peers**, and we see where the room goes on credit union industry challenges and opportunities



I'm putting on my listening hat!



This year we're  
trying something  
new: a **live chat  
room** where you  
can network, with  
**networking** being  
the whole point



I'm putting on  
my listening  
hat!



# Chairman's Report

# Your 2019-2020 Board of Directors



**Scott McFarland, Chairman**  
CEO, Honor Credit Union  
Board Member since August 2009



**Linda Bodie**  
CEO, Element Federal CU  
Board Member since October 2013



**Tom Gryp**  
President/CEO, Notre Dame FCU  
Board Member since October 2016



**Kris Lewis, Director**  
CEO, Allegan Community CU  
Board Member since October 2018



**Jeff Jorgensen, Director**  
CEO, Sioux Empire Federal CU  
Board Member since December  
2009



**Dean Wilson, Director**  
CEO, Focus Credit Union  
Board Member since January 2008



**Vickie Schmitzer, Sec./Treasurer**  
CEO, Frankenmuth Credit Union  
Board Member since October 2007

# THANK YOU!

# A Hint on This Year's Numbers



## ■ Declared 2019 Patronage Dividends:

\$ 2,250,000 Standard Patronage Dividend

\$ 3,750,000 Bonus Patronage Dividend

\$ 6,000,000

\$ 842,820 Ownership Dividend

**\$6,842,820**

■ Projected Stock Dividend: **4.00%**

■ Projected Increase in Stock Equity:  
**5.25%**

All are projections, to be finalized  
by our CPA in December



# My goals for today's interactions



## CEO Roundtable

- A morning full of robust conversations that inspire our board and our CEO to propose new initiatives for our CUSO to take on in the future
- Put on your thinking caps and let's hear about what you would do if you were the CEO of this CUSO, listening at the sidelines

## cuasterisk.com Live Chat Room

- No rules
- No expectations
- No judgment
- No Randy
- What do you want to talk about that might change your world?



Time for some roundtable brainstorming...

## Here's how it will work:

### ■ 3 topics, 45 minutes each

Introduction by Randy	5 minutes
Roundtable group brainstorming	30 minutes
Summary report from 1 group	10 minutes

### ■ Scribes will take notes for your group (ask your scribe if you'd like them to email you a copy of their notes)

### ■ Choose a spokesperson from your group to give the summary report, if you're called upon



I've got my  
listening hat  
on!

# Growing the Pie for Your Teams



- What are the top 3 tactics a CEO could deploy to **radically increase the compensation** of their core team members in 2020?
- How do you grow the pie that you split with your professional teams in the next 5 years?

## Topic #1

Talking about growth can be fuzzy when there's no goal from the results of growth

Nothing challenges the CU industry more than creating careers for the people who will sustain their day-to-day activities



# Increasing Returns for Your Members



- What are the top 3 tactics a CEO could deploy to **radically increase returns to members** in 2020?
- What member groups do you think have the chance to see the biggest increases in the next 5 years?

## Topic #2

You all have plans for consumers, but sometimes stumble when you talk to individuals face to face as owners

What does the owner's persona get out of supporting your organization, beyond vague good intentions?

# The Next 5, 15, or 50 Years



- Of the current trends debated in the industry today, which one of them do you want to **count on for your future**?
- Which one of them do you think **will be a bust** for your CU looking forward?
- Which one seems to be a “group-think loser” and you **want nothing to do with it**?
  - Go counter to the flow!

## Topic #3

Thought leaders love to list key success factors, best practices, and the trends you can't ignore

But the truth is, it's all up to you – what would you have the CUSO pay attention to, given today's CU headlines and marketplace ideas?





Time for lunch!



OCTOBER 30, 2019 BY CHIP FILSON

## The Myth of Efficiency and the Allure of Scale

Supporting most mergers and more recently, bank purchases, is a

OCTOBER 11, 2019 BY CHIP FILSON

## Uber et al. and the Taxi Medallion Industry

It is accepted as a foregone conclusion that Uber and other share platforms will eventually destroy the taxi medallion industry.

OCTOBER 7, 2019 BY CHIP FILSON

## Should a Credit Union Be Bailing Out a Bank's Stockholders?

The July 16 headline in CUToday said it all: *In First-of-its Kind Deal, Corporate America*

Just another in two years? Hardly.

The article mentions a company that sold to

OCTOBER 2, 2019 BY CHIP FILSON

## How Shadow Banks and Fintechs Keep Increasing Their Role As Financial Intermediaries

SEPTEMBER 10, 2019 BY CHIP FILSON

## A Credit Union Member Takes a Stand After a \$40 Million Loss

In an 18-page complaint filed August 7, Victor Webb filed suit against the board and supervisory committee of the failed CBS Employees FCU seeking over \$40 million in recoveries for members.

According to press reports the loss was first discovered on March 6, by an employee who raised questions about a \$35,000 check the CEO, Rostohar, had made out to himself.

## JUST A MEMBER

Chip Filson

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SEPTEMBER 26, 2019 BY CHIP FILSON

## The End of Risk Based Capital for America's Community Banks

On September 17, the FDIC board eliminated risk based capital (RBC) requirements for community banks with assets of less than \$10 billion.

It replaced the international banking BASEL-inspired approach

Banks will not be required to report or to calculate a risk-based capital according to the FDIC's press release.

The FDIC Chairman Jelena Williams said the new rule ensures that the regulatory framework is commensurate with the operational reality of these institutions.

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Now let's try something  
new...

cuasterisk.com  
\*CEO Live  
Chat Room

■ You have until we wrap up at 2:45:

Introduction by Randy	5 minutes
Introduction and explanation by your facilitators	15 minutes
Robust networking session, credit union CEO to credit union CEO, without CUSO participation	75 minutes

■ Your facilitators:

- Mark Richter, CEO of First United CU
- Matt Selke, CEO of Pinnacle CU



Wrap-up

# Join us at the party!!

at the

## Grand Rapids Art Museum (GRAM)

101 Monroe Center St, NW  
[artmuseumgr.org](http://artmuseumgr.org)

- Help us kick off the year-long celebration of our 50<sup>th</sup> anniversary
- Drinks and refreshments will be served

Shuttles will be running  
between the JW Marriott  
and the GRAM throughout  
the entire event

(catch one from the ballroom  
entrance at the JW, off  
Campau Street, NOT the main  
lobby/valet entrance)





# How do we champion an industry when we're so busy selling our own agendas?

LOOK FOR OUR AGENDAS  
THROUGHOUT 2020



## Moving the Needle on CUSO Collaboration

The role of CUSOs, their collaborative influence and their impact on national credit union strategies and policy remains woefully underutilized. As a key component of our national credit union network CUSOs must expand their responsibilities to continue to build and assure the ongoing viability of the network. At CU\*Answers we are committed, along the side of our national CUSO association NACUSO, to leveraging the role, capacity and capabilities of all CUSOs. We are dedicated to the advancement of the sustainability, growth and market position of the nation's only financial ecosystem dedicated to the democratic values and empowerment of the individual owner and represented by the principals of the co-operative business model.

We have identified 5 major initiatives that we are committed to advance with our fellow CUSOs and NACUSO:

- 1. A national consortium of CUSOs dedicated to supported a new and vigorous strategy for the advancement of De Novo credit unions. This effort must include, but not be limited to, advantageous de novo product pricing, alternative funding and capital solutions, shared expertise, etc.
- 2. A CUSO-led effort to inspire innovative private insurance alternatives in all 50 states
- 3. A national service scholarship fund to support struggling credit unions via CUSO services
- 4. A national CUSO co-operative design think tank
- 5. An effort by CUSOs to impact the selection process for the NCUA board of directors

These 5 initiatives are just the starting point if you have other ideas, lets add them to the list.

*Please join us in contributing to the grand vision for building self sufficiency among our entry credit union network. Contact us or the leadership of NACUSO with your intentions to support these CUSO led efforts.*

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# Thanks for the day!

See you at the party!