

Scribe Notes



Thursday, November 9
9:00 a.m. – 3:00 p.m.
WaterMark Country Club

Group 1

Scribe Name

Barb Cooper

Name	Credit Union
Richard Preble	New Generations FCU (new client next month)
Kim Kniola	First Trust FCU
Vin Cerasuolo	Century Heritage
David Jezewski	CommStar
Carma Peters	Michigan Legacy
Randy Gailey	Horizon Utah
Vickie Schmitzer	Frankenmuth
Jami Weems	Serve CU

Group 2

Scribe Name

Esteban Camargo

Name	Credit Union
Don Mills	Alpena Alcona Area CU
Bill Daehn	Building Trades CU
Greg Smith	CU*NorthWest
Tracy Miller	Kellogg Community CU
Bill Burke	Day Air CU

Group 3

Scribe Name

Keegan Daniel

Name	Credit Union
Janelle Franke	River Valley Credit Union
Scott McFarland	Honor
Dave Keim	Western Districts Members CU
Barb Page	Kent County
Mary Matheson	Wakota
Thomas Flowers	Calhoun Liberty
James Phetteplace	My Pensacola

Group 4

Scribe Name

Kristian Daniel

Name	Credit Union
Christy Leslie	Bridge Credit Union
Barb Mills	Calcite Credit Union
Dean Wilson	FOCUS Credit Union
Peter Barnard	rkGoBig
Grant Johnson	TORO Credit Union
Matthew Selke	Pinnacle Credit Union
Carolyn Chevrier	Lakes Community Credit Union

Group 5

Scribe Name

Starla Honea (CU*South)

Name	Credit Union
Stephanie Sievers	ANECA FCU
Mark Richter	First United FCU
Jennifer Oliver	South Bay CU
Tom Gryp	Notre Dame FCU
Bret Weekes	eDOC
Kim Bourdo	Service 1 FCU

Group 6

Scribe Name

Annalyn Hawkes

Name	Credit Union
Paul Obermeyer	AAA FCU
Janet Borer	Members1 st Community CU
Jacci Pothoof	North Central Area CU
Terri Maloney	Catholic United Financial CU
Kim Hall	Tri-Cities
Debie Keese	Spokane Media CU
Jeff Jorgensen	Sioux Empire FCU
Scott Shelton	Members Source CU

Group 7

Scribe Name

Peter Meyers

Name	Credit Union
Linda Bodie	Element
Fran Godfrey	Blue Ox
Corrine Coyle	Advantage
Kris Lewis	Allegan Community
Adam Johnson	Safe Harbor CU
Bo Pittman	MUNA
Liz Winner	Xtend
Pete Meyers	CU*Answers

Group 8

Scribe Name

Julie Gessner

Name	Credit Union
JoAn Sanders	Cheney FCU
Steve Kelly	Metrum Community CU
Leo Vaulin	CU*South
Philip Heinlen	Services Center
Chuck Papenfus	Inland Valley FCU
Andy Fogel	Affinity CU
Karen Browne	TBA Credit Union

1) 2017 Report to Stockholders

What should we take away from the CEO's 2017 report to stockholders?

(Each table is assigned one of the 3 slides introduced by the chairperson. Discuss the slide and answer the questions on it – pick a spokesperson for the table and prep them to report your conversations to the group.)

Group 1 Notes

Topic assigned to your table: 2020 is our firm's 50th anniversary... A marathon completed, and anticipating a new race to train for.

- The table agreed that they cannot afford to NOT redefine ourselves.
- Branch Offices - Details about the impact of physical branch offices during a time when many members use electronic or mobile banking options is becoming the norm. However, Frankenmuth's mobile options are made available to their members, yet branch visits are increasing. CommStar thought looking at just members who want to mobile/electronic options is too narrow.
- CU*Answers Dividends – New Generations CU thought that CU*A could keep his dividend and reinvest in future development. CommStar added that they are not fond of how this dividend payment impacts their budget.
- Lending – Changing the lending practices to take less time from application to decision is key.
- Data Analytics – Michigan Legacy made the point that data analytics is important to reach those outside the membership to promote their credit union products and services.

Note* One of the reasons CU*Answers pays a dividend is to protect their tax status.

Group 2 Notes

Topic assigned to your table: Thinking about the future... Think radically, challenge momentum, and design to succeed.

- Bill B– in a highly regulated industry, it's very difficult to think radically. Maybe a cop out; but also true. We have to try to incorporate the changes that are happening in other industries. More about incremental changes than radical changes.
- Bill B – we eliminated annual performance evaluations; we didn't think it was worth the time investment. Still measuring but not giving out the numbers. Managers must meet at least monthly with employees with an agenda.
- Bill D – our frontline staff are union, so the review has nothing to do with their wages.
- Don – we still do annual performance evaluations and the percent raise is based on performance. We are trying to make the gap between low and high performers even higher so that there's more incentive. Mortgage origination incentives too, although you have to be careful with those and regulators.
- Bill D – getting rid of traditional job roles. We have lenders and then MSRs who do everything else.
- Bill D – we're doing eSign and trying to make everything signable online, and trying to get to the point where members never have to come in; that's a radical change in our thought process. We have 3 offices and are constantly asked when we're opening an office in this or that town.
- Greg – we need to pivot ahead of the industry and find new sources of revenue, because the path we're headed now with margins on core processing shrinking, we might not be here in the future. The thought process now is "don't stand still". If you're in the same place you were last year, then you're not doing enough to advance the future of the CUSO.
- Greg – we're working with younger people to see what the iGen credit union would look like; one thing mentioned was that if you join the CU you get Netflix and Hulu for free.

- Don asked if there are any radical tactics for revenue generation and nobody was sure.
- Bill B – we got rid of promise deposits and now RDC volumes are up and overhead is down.
- Bill B – we’re interested in the Experian decision model. I want to remodel the organization as a finance company disguised as a credit union.
- Bill B – create a wall between the cultural clash of highly incented loan sales people and mission-driven CU people. CU people are order takers. We’re very nice.
- Tracy – as it relates to the low MOP penetration, create a launch group when a new product is released and organize cooperation between the CUs, not just between the CU and CUA teams. You’re rolling out something new, help facilitate the conversation between credit unions breaking into it together. Maybe an email group for the launch credit unions (like the boot camp email groups).
- Greg – maybe can be interactive as well with zoom groups, etc.
- Tracy – credit union offices are old fashioned and we need to modernize to meet the expectations of people today—the Apple store effect
- Bill B – is there a merger strategy to acquire small data processors. Buy business. Need to scale up to pick up bigger fish.
- Greg – I’d pay into that pot to buy business.
- Bill B – how about CUA put resources into commercial banking capabilities. Those commercial banks have much better depository services. Then take those capabilities and sell to small community banks.

Group 3 Notes

Topic assigned to your table: Thinking about the future... Think radically, challenge momentum, and design to succeed.

- How can we use Ofcourse.com to re-introduce topics of conversation monthly within the network?
- We can think radically by investing energy into conversing together as CEOs throughout the year
- How do we find the happy medium to ensure that CEOs are not overwhelmed by the activity we would like to see for Ofcourse.com?
- If we do not keep exercising, we are going to fall away (SM)
- How do we control the activity of our members with the pin less PIN transactions? (JF)
- We need to capitalize on the marketing of “We hear your feedback...” and make operational changes, etc. (JF)
- How do we listen to our members? (SM)
- Can surveys be injected into our overall operations?
- Is there a business opportunity for CU*A/Xtend to become trolls socially to listen to what members are saying? (SM)
- Members are not talking about us to begin with, how do we re-invigorate them? (SM)
- Will I be able to push/share data/results to a community of members?
- Will AI be able to engage and push data out every month (frequency TBD) to cause ripples within each credit union?
- How does the sharing/social media concept become part of our everyday culture? The younger generations are interested in being recognized/re-tweeted, etc. Can we capitalize on the fact that the younger generation wants to be noticed?
- Pretend that we do not have any money. This is how we do business.
- The radical concept of engaging is the momentum that needs to continue.
 - Keep exercising.
- The comments, presentation of information by other CEOs and credit union executives will help us to understand more about the industry.

- Today's SOP may not be the SOP of the future. How do we move into a direction of 14 websites and 20 mobile Apps?
- How do we reduce 1 branch a year and still grow? (SM)
- How can we coach our employees to become versatile at the service that they provide to the membership?
- Gut the current process that we have in place today.
- We are going to set everything aside and do everything different.
- What is the technology that needs to be considered for the future?
- "I am sorry you have to wait until the branch is open" (MM)
- How do we bring underwriting and more operations to our 24/7 staff or Xtend?
- Is there a product that can help us get a loan to members 24/7 automatically?
- We want the CUSO to shift to a lending and service business.
 - Lending service, lending service, lending service...
 - How can we help to get to "YES" faster?
- We need better lending
- We get rid of indirect lending and we radically change to do our own marketing to get the loans
 - How do we shift dealer reserves to pay owner rewards/benefits?
 - How do we compete against the FI's that continue to work with dealers?
- Is the indirect member a member? Are they simply just a consumer?
- How do we tap into the diverse perspective of the CU*Answers to share information within the network?
 - Can this be the eyes/ears of the marketplace?
 - For the good and the bad.
- Can we still be friends if we hear the truth? (SM)
- Screw it, just do it.
- How can we all shift to the 80-10-10 rule?

Become the agile lender to be able to respond.

Group 4 Notes

Topic assigned to your table: 2020 is our firm's 50th anniversary... A marathon completed, and anticipating a new race to train for.

- Ownership resonates with younger generations and I think as credit unions, we need to be talking more about ownership, as ownership has a powerful cause. Credit unions need to continue to tell the story of cooperative ownership.
- Regulations are not going to stop, and they will continue to create new rules for credit unions to follow – credit unions need to learn to use more effective tools to focus on the member's needs. We need to listen to the market, and cannot choose to say this is what we have/offer and that is final
- As owners we need to be firm as to where we think things should go, and we would love to put money back into technology – but what we need to figure out what credit unions will get in return. We need to focus on being a cooperative.

Group 5 Notes

Topic assigned to your table: 2020 is our firm's 50th anniversary... A marathon completed, and anticipating a new race to train for.

- Lighter less expensive CUSO
 - Jenn – continue to be nimble

- Bret – Does the CUSO feel heavy? Faster isn't always better.
- Bret – How would we want to be defined by our members? How can we help them say what we want them to say?
 - Jenn- how do we agree on why the CUSO is who we are? Collective learning and promotion – but we all have to buy in. Like this meeting, it's not a tool; learning sessions (like most core meetings are) its more about planning for the future.
 - Stephanie – I joined this CUSO to better use my staff efficiently.
 - Jenn – being innovative is important
 - Steph – not always best to be first to market
- Bret – Why am I in business? The better defined that statement is, the better we connect with our business. Why is South Bay in Business? What would you want your members to say about you?
 - Jenn – I don't have the exact definition for that with mu CU. I meet the needs of my members – whatever the need.
- If the goal is to discover the need and meet it, what would the first core competency be?
 - Jenn – being a good learner is important but broad. Also have to be good executors
- Mark – we will listen/learn the needs, provide them and then hope to make money
- Bret – Tom, how do you get the last 10% of the project done?
 - Tom: With a baseball bat. Patience and support until the end. Then get it finished!
- Tom: We run a business. We can't be too theoretical. 50 years ago, we didn't think we'd be here.
 - The CUSO has to stay relevant. Give me tools so I can do things. Sometimes it feels like the CUSO is serving two masters. The small CU have different challenges. Surviving. More resources to help the smaller CU's.
 - Jenn: Like Data Analytics and
 - Kim: need to help the people that do the job
- Bret – if we are to be a tremendous tool provider of the small credit unions... We need the bigger CUs to help us build the tools.
 - Kim: When we merged with a small CU that was on CU*BASE, they wanted all the tools and they had them with CU*BASE.
- Jenn & Tom: CUSO needs to have more patience in helping the small CU's in learning the software and the tools.
- Tom: CUSO has responsibility to save all CU's we can. Not just the ones on the software (yet!)
- Jenn: Business intelligence is the most important – theory to adjust
- Steph – using the services is important

3 core competencies the CUSO needs to continue to focus on and grow more in:

- Learning the need (empathy at all levels)
- Executing the need (providing the tools all levels need)
- Being Aggregators (Data Analytics, group buying and building as many tools in one place)

Group 6 Notes

Topic assigned to your table: Letting go, to grab new ideas and invest in innovation.

What percentage of your annual budget have you declared available for innovation? Can you double that by letting go of traditional expenses that seem to be pointless for the future?

- Overall – **sharing information with each other and finding new ways to do things together is a CHEAP innovation.** (Scott)

- Point could be made that **as new client, a percentage of that you're (Members Source) now paying to CU*A IS part of your budget for innovation** (Debie)
- Now, how can the rest of us who've been on the core do this? As **small CU I'm totally dependent on CUA** being my innovation (Debie) Is it time for me to branch out and do my own?
- LOVE the concept of **using my invoice for the cost of innovation** (Jeff – Scott). Both to evaluate for innovative things, and to really be harsh to chop out things older. I think **it's not good to wait on CUA for my innovation – I want CUA to be my partner** as I know my membership/community, etc. Not once at my planning session do I say “what would CUA do?”
- Revenue is a huge concern – How do I generate the revenue as a small CU? (Scott) Find ways to help me make more money – CUs could be counting on a big dividend and looking for the balance to get a smaller dividend (Scott).
- We also looked at our corporate reserve bill, **even our garbage bill and tried to think if we have a different provider or solution there.** (Jeff)

What would you have CU*Answers do if the CUSO invested your entire dividend on your behalf? Doubled its dividend by 2020? Cut invoice in half by 2025?

- Innovation is not just tech! (Janet)
- *Idea* – **Retail consultants coming in and looking at the CUA products/GOLD to evaluate true impact.** Is GOLD truly lessening the friction of members interacting with the CU/system. (Janet) Yes, they can identify barriers that members are having and propose solutions (Debie) **But I would not want my money/dividend being spent that way.** (Jeff) If you're telling me to be a retailer, you need to be a retailer and you need to be evaluating yourself on how you're becoming a retailer (Debie)
- When we talk about innovation we think about bells, whistles, tools – **But in the end orgs that are successful are innovating based on people.** A result is reducing the friction in interacting with the credit union (Janet). If you make it difficult for people to do business with you, you're not going to have members! (Scott)
- *Idea* - **I would love if CUA took my money and set up teams of CUs that could roundtable/strategize on regular basis** and come back with report on telling us how to do things we want to do with existing toolset. (Paul)
- *Idea* - I also want a go-to person at CUA that I can go to with all my questions so consistent interaction (Paul) Kris Lewis is trying to create a group for this (Kim)
- *Idea* – instant message was within the core and it was a great communication tool – anyone logged in could talk to anyone else, seamlessly.
- **How much money does CUA spend developing culture and their people?** (Janet) CUA people are not low-performing people and I want to see impact on how to drive accountability to my front-line, similar to CUA. We CUs are spending too much time sitting here worrying we'll offend and staying conservative (Janet)
- **But, Randy doesn't have as much at stake – he's not seeing the member relationship coming in. He's not wrong in this and his perspective is needed, but WE also are the ones who are living this and have to control staffing perspectives.** (Kim)
- **Engagement and empowerment** (Scott) **is crucial (to inspiring innovative culture)** – Staff are great with members but they need to have something to look toward.
- Culture/change starts with CEO (everyone). Do you all **have coaches/assistants in directing “where do I start?” “where do I go?” in personal career goals.** (Jeff) Data will not save staff development (not personal) – Janet
- **Some will say “I have a solution, but it's really complicated” Is it really complicated, or is it resistance to change?** (Jacci). Comes down to project management resources – Can someone be a resource to manage these solutions. (Debie)

- One of the things CUNW did is bought services for every one of our clients – RevGen & Member Reach – CUNW invested in CUs this way and found that a lot of CUs didn't have the project management or resources to actually take advantage of these, even though they were FREE. Other thing CUNW (and CUA) did was cut costs off the invoice. (Debie)
- Is it easier to say the dividend isn't a dividend and instead consider it a "bonus" to spend on innovation? **It's not even that the money needs to be spent back into CUA. Just spend it on something that benefits your members or programs.** (Debie - Jeff)

Other Notes

- We know Randy isn't 1st mover (Paul). And we don't want to be! (Jeff) Think about knife, very tip is very fragile and will break – We (CUA) will always be 2nd or 3rd to the party.
- Learn from a Peer is a wonderful tool to see what other people similar size are doing! (Jeff).
- I've taken on more projects than I should have in past years – people ask why do that? I say I HAVE to in order to keep up – It's what people want and its nature of beast today. We need to keep up with offering things people want and get excited about. (Paul)

GOLD

- 30% of tools will be obsolete (Debie)
- The challenge is more HOW to do things or choosing which tools/software is best to use (Scott – Kim). I have a laundry list of projects to address 1st (staffing)
- Important to change attitude in staff response when tool is missing or misunderstood
- Need a go-to person on your OWN staff who knows CU*BASE tools really well. Currently call CSRs, they tell me to go to AnswerBook, and I don't have time to read AnswerBook, I need help walking through the tool.

Conversion training is designed for 1 kind of learner and I have lots of people who are visual learners. Reading it online is not always answer.

Group 7 Notes

Topic assigned to your table: Thinking about the future... Think radically, challenge momentum, and design to succeed.

- Are we radical enough to do these things?
 - Does radical mean too far out there?
 - Is it thinking outside the box?
 - Radical is relative - assets, organization
 - Radical is to grow and continue that growth
 - how do we compete in small rural areas?
 - is it Radical to try and move into big areas?
 - Radical would be to bring in younger members
 - Radical is being inspired and being involved in what is happening now
 - Radical can be being first to market
 - Radical is seeing through your members eyes
 - Radical is not sitting back and waiting
 - Radical is listening to your members and acting
 - Radical is thinking differently
 - Radical is doing it without fear and feeling of our hands tied
 - Radical is being in the ecosystem of whatever is happening
 - Radical is providing loans based on relationships

- Dark and gloomy topic
- What changes in the next 3 years?
- The thing that holds us back
 - brick and mortar
 - checks
 - check fraud
 - the system is slow and fraud is still there
- Radical via investment
 - radical without fees
 - can you make money off ancillary products?

Group 8 Notes

Topic assigned to your table: Letting go, to grab new ideas and invest in innovation.

- **Innovation – What does this mean?**
 - Being more efficient on staff – cutting operating expense – When we can't reduce staff due to basic things- Invest in the things that can be automated vs. needing a human being to manage
 - Reduce the number of clicks required to do things
 - What can we do to make members financial live easier – processes, convenience (shorten applications -shrink the time the member has to focus- complete a loan app in 30 seconds or less) – Improve accesses, control, price
 - Innovation means looking inside of the cooperative to get the answers we need
 - Looking ahead to understand what the future will create – Changing auto market – As the market changes how can we change with it?
 - Cashless society – Studying trends to help us define our future. Controlling payment systems to not just understand what the member is doing but how what they are doing can work for us
 - Understanding how to communicate our brand; the things we market for convenience vs. the things we market to make money
 - Pushing auto decisioning to be more effective than the loan officer – What does the data tell us is more accurate today?
 - Innovation and data allows us to know things that nobody else does then to put the data into action
 - Data Analytics that I don't have a person to study – the computer is providing me data that is tangible –
- **What am I willing to let go of?**
 - Statements – Why do we have to have paper?
 - If it's not touching the member, do we need to be doing it?
 - Rethink the term "Outsource"
 - Staff members working on projects – let someone else outside of my CU manage my projects – Project management that is transparent, measurable and actionable
 - Letting go of ownership of the things we have to do including examiners.
- **What would we do?**
 - Cutting invoice by 2025- Is this fast enough?
 - If CUA doubles the dividend are they innovating fast enough? We would be worried if we continue to see increase in dividends when the technology doesn't continue to evolve
 - We would push better technology even when its uncomfortable
 - We would invest in machine learning, artificial intelligence to make our members lives better

- Demand more so that we are not just changing for ourselves but for each other.