



PRESERVING CREDIT UNION PHILOSOPHY

All across the globe, credit unions celebrated International Credit Union Month in October. Dating back as far as 1927, when the first such “holiday” was observed in Massachusetts, credit unions have set aside a day a year to recognize the philosophy that drives our industry. This year, in places as diverse as Africa, Asia, Great Britain, New Zealand and the Americas, credit unions commemorated the founding of our people-helping-people movement.

In the spirit of International Credit Union Day, MemberVision interviewed credit union leaders from coast to coast, asking for their thoughts on credit union philosophy. Several people immediately brought up Edward Filene.

KEEPING OUR WHITE HATS

A Boston merchant and philanthropist, Filene is often called the father of the U.S. credit union movement – and with good reason: It was his vision and financial backing that helped spread credit unions throughout the country.

In the early 1900s, Filene said, “It

is a great movement, worthy of great deeds, deserving of great loyalty.” He understood very well that credit unions would become a powerful force, allowing countless Americans to rise out of poverty and make a better life for themselves and their families.

Today, in the wake of the corporate scandals and financial finagling in the public sector of the past few years, credit unions still wear the white hats. But not everyone sees it that way. Just like early credit union organizers, who met resistance from bankers and cynicism by policymakers, credit unions continue to face daily attacks from those who would like to limit our ability to serve members. And then there are the people who simply don’t “get it.” You’ve heard the phrase from the banking lobby, “If it walks like a duck and quacks like a duck . . .”

So, how can we show that we’re the guys with the “white hats”?

PSSST! IT’S ABOUT THE STRUCTURE

“It’s really a simple concept,” says Mark Ivester, vice president of communications for the Florida Credit Union League in Tallahassee. “Credit unions will remain credit unions as long as they remember why they were formed: To be not-for-profit, member-controlled financial cooperatives that exist solely for the benefit of members.”

But for many consumers, and even public policymakers, the distinction between credit unions and banks isn’t always clear, and the bankers aren’t helping. Here’s an excerpt from a recent American Bankers Association industry issues paper, used as a training tool for visiting lawmakers on the Hill:

“Today, credit unions have the ability to offer complex financial products, just like banks. They have been able to extend their membership to virtually everyone, again just like banks. In fact, from the public’s perspective, those credit unions that have aggressively expanded their product offerings and membership base are viewed as banks.”



Unfortunately, credit unions sometimes shoot the movement in the foot when their leaders don't understand our distinctive nature. Credit union managers have been heard to say that when credit unions expand their fields of membership, they no longer deserve their tax-exempt status. Size and field of membership have no bearing on what sets credit unions apart from other financial institutions. Regardless of size or services offered, credit unions are mutual self-help, not-for-profit organizations, serving the needs of members in a way no other organizations can or will. Instead, the case for credit unions rises and falls in how we're structured.

PASSING TO FUTURE GENERATIONS

What's the trick to passing on credit unions' many virtues to the next generation of leaders?

Scotty Broome, president/CEO of Keesler Federal Credit Union in Biloxi, MS., says it's critical to make sure newcomers to the movement are instilled with credit unions' true mission.

"Like me, many of my counterparts in other military-based credit unions essentially 'grew up' in the movement, knowing our purpose is to meet the

needs of members," Broome said. "But people coming in from the outside may not understand. It's our job to help educate them on the tremendous value credit unions provide to their members."

One of the best ways to provide staff and volunteers an education on credit union history and philosophy is to take advantage of the many resources available through organizations such as Credit Union National Association, Credit Union Executives Society and National Association of Federal Credit Unions, as well as through state leagues. And one little book, *People Not Profit*, fourth edition, is especially helpful. It's published by CUNA and available at www.cuna.org.

Letta Shutes, executive vice president of the Florida Credit Union League, says holding in-house orientations for both staff and volunteers is also an excellent way to steep newcomers in the credit union philosophy.

"Right from the beginning, the credit union's volunteers and new staff should have an opportunity to learn our history and why we're organized as we are," Shutes said. "At the Florida League, we offer a variety of training, and often send staff professionals out to help credit unions put on all types of programs. We also encourage volunteers to go through the Volunteer Achievement Program (VAP), which devotes an entire module to credit union philosophy."

The National Credit Union Foundation offers an in-depth method of teaching credit union values. For more than 20 years, the six-day Development Educator training course has promoted credit unions' social responsibility. Each year, students in the DE program learn about national and international issues affecting people around the world. The DE program, which is supported in large measure by the World Council of

Credit Unions, CUNA and CUNA Mutual Group, has graduated more than 650 people, who have earned the designation of Credit Union Development Educator (CUDE).

Charles Elliott, president/CEO of the Mississippi Credit Union Association in Jackson, and a CUDE himself, says the primary mission of the DE program is to encourage newly trained CUDEs to go back to their own credit unions and share the movement's history and philosophy.

"Credit unions are organizations of people, not money," said Elliott. "If we don't have the philosophy of people helping people, we will cease to be credit unions." Elliott says the DE program is being expanded to include "mini" seminars that states can offer to help provide a broader reach for credit union philosophy.

And for Southeast Corporate's own Member Relationship Manager, Gisli Magnusson, DE training was a valuable experience he says he'll never forget. "I'd worked in credit unions for a number of years, but the DE program helped me look at credit unions in a whole new light," he said. "It's not just about preserving philosophy for philosophy sake; it's about preserving opportunities for members, especially those with modest incomes."

CU MINDED PROFESSIONALS

Many credit union leaders shared concerns about the challenge of bringing in highly skilled



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professionals who can offer fresh perspectives and added management depth, but who also can learn and apply the credit union philosophy.

Shutes, of the Florida League, says adopting the credit union mindset has to start at the top and filter through the entire organization. “We have done CEO searches for a number of credit unions,” she said. “In the recruitment process, we look for people who understand the CU philosophy. It’s basic, but it’s critical to credit unions’ success.”

“With pay scales rising for credit union CEOs, these jobs are looking more attractive to professionals from the broader financial industry,” said one former credit union leader. “It’s vital when boards hire new CEOs that they help them not only learn about credit unions’ heritage and values, but also that they set an example and teach their staff members.”

From a leadership perspective, Scotty Broome, of Keesler FCU, says member service is really the only product credit unions have and this needs to be communicated to the credit union’s staff at all levels.

“Everybody has checking accounts, loan services and various delivery products, so ours aren’t all that different from the banks,” he explained. “But if we can instill in our staffs that member service is the only differentiating ‘product’ we have, then we will be successful. I don’t advocate growth for growth’s sake; taking care of the members and staff is what’s most critical. If we take care of our members, everything else falls into place.”

NOT FOR PROFIT, NOT FOR CHARITY, BUT FOR SERVICE

Judy Wascom, chairperson of LA DOTD Federal Credit Union in Denham Springs, LA, believes it falls as much to the board as to management to make sure

volunteers understand their credit union’s mission and to preserve the philosophy that underscores it.

“When we get a new board member, we ask him or her to do certain things, such as thoroughly reading their job description, agreeing to attend credit union seminars and taking the VAP classes,” Wascom said. “These efforts help with all facets of their jobs as directors, including their ability to help preserve philosophy.”

At Florida DOT Credit Union, in Tallahassee, FL, president/CEO, Foy Thompson, says it may become harder in the future to recruit qualified volunteers. “Boards of Directors today have to know much more now than in the past,” he said. “They must continually take available training to help understand

ensure that they current regulations and are on top of managing the credit union. You have to be



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Edward Filene, Father of the US credit union movement*

committed to the credit union and the people it serves to be an effective board member today.”

Wascom also cautions that finding volunteers isn’t easy. “I’ve been at this for a long time,” she said. “What I’m seeing among younger members is that they love their credit union, they love the service, but they don’t really understand our structure or why it’s important for them

to get involved. Young members like our not-for-profit status because they feel they get good products at cost-effective prices, but they don’t necessarily see the tie in with spending their own time.”

Wascom’s concerns are borne out by a report from the Center for Information & Research on Civic Learning & Engagement, funded by the Pew Charitable Trusts. While a large majority of American youth between the ages of 15-25 say they volunteer to help other people, rather than to address a social or political problem, the number of those willing to volunteer is dropping – at 36 percent today, compared with 44 percent a few years back. Still, the U.S. Census Bureau’s survey of volunteering showed a slight increase in youth volunteers over its prior survey. In both reports, though, the key to motivating young people who do volunteer appears to be based on their being asked and knowing that their involvement can make a difference.

Cary Anderson, President/CEO of LA DOTD FCU, agrees that once volunteers understand they are needed, they are more willing to serve. “People are busy, and they don’t always see the value in it,” he said. “But once they do, I think a great deal of motivation comes from the satisfaction of seeing what the credit union can do for other people.”

PHILOSOPHY IN ACTION

Whether it’s volunteers, management or staff, it really all gets down to remembering our roots . . . and our future.

“We need to stay focused on serving the people we’ve been put here to serve,” says Florida Department of Transportation CU’s Foy Thompson. “When a credit union starts to build a lot of capital, it’s important to remember that it’s the average working people who put that money in. We need to help as many people as possible. That’s why we’re here.”